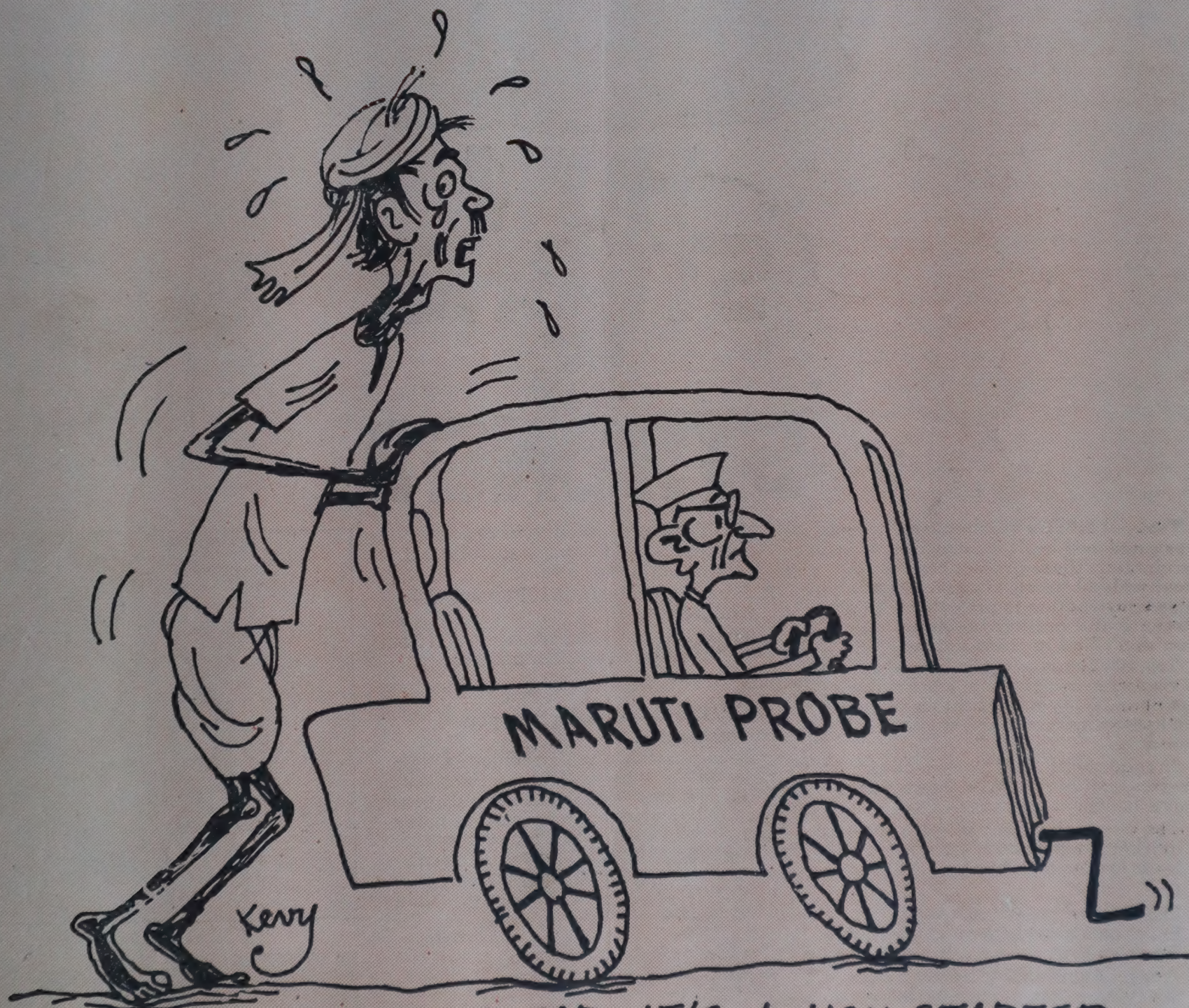
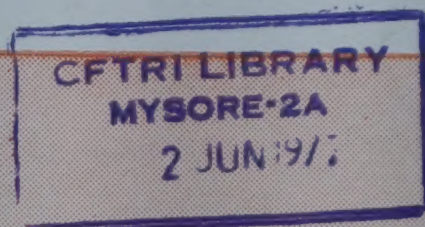


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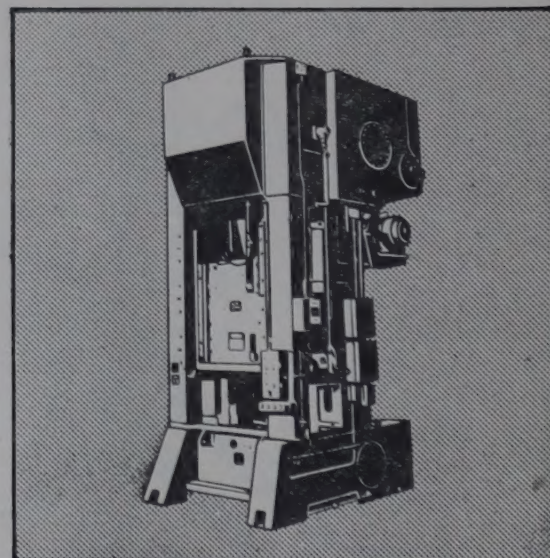
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Problems and priorities

WITH THE intervention of elections for several state assemblies, scheduled for June, the central government's preoccupations are mainly political for the time being. This is not without its bright side. The formal merger of the constituents of the Janata party, followed within a few days by the formal merger of the CFD with that party, was only the starting point of a quest for a truly unified personality for the ruling party. Although it has now become perfectly clear that the merger was wholly genuine, it is also equally obvious that a unity of purpose, arising out of mutual trust and sufficient willingness to give and take, can only develop as the leaders, with their varying political background, are faced with the necessity of thrashing out and compromising their differences in the course of the working of the government and the functioning of the party. The immediacy of the state elections is welcome to the extent that it is quickening the process of consolidation by putting the Janata leaders through their paces on the exacting, proving ground of intra-party politics at the state level. Once the rivalries over the loaves and fishes are sorted out satisfactorily in this difficult context, the Janata party would have immeasurably fortified itself against factionalism in its hierarchy.

There is no need to pretend that these teething troubles are anything but extremely troublesome. It goes to the credit of the spokesmen of the party that they are not trying to slur over the complexity of the problems, a number of them at the level of personalities, which the Janata leadership is faced with. At the same time, the press cannot be serving any worthwhile public cause by reporting in a sensational form a blow-by-blow account of the tactical manoeuvres or temper tantrums of this Janata leader or that, as he seeks to improve his relative position or importance in the government or the party. Tribal thinking or tribal loyalties do not disappear easily and politicians are the last people to learn from the mistakes of the other politicians. They therefore need our understanding and sympathy as they endeavour to find their bearings. Politics is not always a seductive mistress. Politics could also be a hard task-master and the discipline it imposes could cut, sometimes abruptly, inflated egos to size before anybody realises what is happening. This is why many of the newspaper reports, which had been freely employing that over-worked word "crisis" in describing the happenings in the Janata party in the last few days, have been overtaken by events which do not conform to their grave prognostications. The prime minister has not merely been playing it cool; he has, in fact, remained as cool as cucumber. Also, there is no evidence that, so far, the party president, Mr Chandra Shekhar, felt at any time that he was out of his depths. There is tension within the Janata party, no doubt; but there is also a good deal of "take". Nothing important is therefore likely to come asunder.

Meanwhile large sections of the people are getting impatient with what they regard as indecision or delay on the part of the central government in dealing with urgent economic problems, particularly the high cost of living. The prime minister pointed out at his press conference that reports of increases in the price level were exaggerated accounts. He, however, admitted handsomely that public grievance was justified so long as prices were not brought down. He gave the assurance that the government was actively considering anti-inflation measures and that these would soon be put into effect. Thanks to the coming state elections, the central budget has had to be postponed. Some of the measures for providing relief to the public on prices may have to be given effect to only through decisions as announced in the budget. The new government assumed office in the fourth week of March. Three months are not too long a period for their major economic policies to be worked out or become operative.

Selective administrative action against hoarding or other manipulation of the

markets by big traders could perhaps be taken in the larger distribution or consumption centres with a view to the maintenance of public morale and encouragement of self-discipline on the part of the business community as a whole. The continuous rise in the prices of essential commodities such as cooking oils and pulses cannot be entirely explained by relating it to the growth of money supply or even physical shortages of the particular commodities. At least in those parts of the country where the central government's writ runs, despite congress ministries being in power in many state capitals, some well organised regulatory action should be taken to convince public opinion that freedom in the Janata dictionary does not mean a free-for-all.

good progress

The prime minister was asked at the press conference whether the council of ministers would not have to be enlarged for functioning adequately and the work of each ministry being attended to efficiently. A few more ministers will certainly have to be appointed at the cabinet level and a sufficient number at the junior level or levels. Some portfolios, again, have to be shuffled or reshuffled. Not very much less important is the posting of secretaries or other key officials to the various ministries. Good progress is being made in this direction and the changes just announced in the ministries of Industrial Development and Irrigation and Power, for instance, suggest that those concerned are keen on ensuring that important ministries do not suffer unduly from the current political preoccupations or inexperience of the ministers concerned; experience, of course, could be acquired through being on the job. Incidentally, the Finance minister's statement that the personnel of the reconstituted Planning Commission has been selected and will be announced any time now is an indication that major decisions on the higher direction of economic policy have not been allowed to fall in arrears.

The Janata election manifesto, as well as speeches of Janata leaders, have left the country in no doubt that the government stands committed to a strategy of dealing with the problems of mass poverty and unemployment through stepping up public

investment in agriculture, village and small scale industries and other sectors of the rural or decentralised economy. No section of the people need have any quarrel with this approach. A sub-committee of ministers has been set up with Mr Charan Singh as chairman and Mr Mohan Dharia and Mr Madhu Dandavate as members to help give shape to government thinking on this subject. Mr Kuldip Nayar, writing in the *Indian Express*, has claimed to see the not so invisible hand of the left-of-centre at work in the composition of this sub-committee. It seems to us that the press will not allow the politicians to give ideology some much-needed rest.

In any case, historically, the left has not been known to be too tender towards rural communities. On the contrary there are well known cases of the rural economy being ruthlessly exploited by leftist ideology for building up heavy industry or armaments or both. It is not too early for people to realise that the economic

progress of the rural communities must be comfortable common ground for all those who are interested in seeing the country becoming prosperous. There should not therefore be in any sense a problem for the government as a whole to absorb the ideas which the Charan Singh committee may be able to provide for the conceptualisation of planning for the betterment of the people. The prime minister, who is second to none in his advocacy of Gandhian economics, has also said that he desires that even khadi should be self-supporting and not dependent on government aid. So long as the country's human and material resources are put to work in ways which find jobs for the people and improve their standard of living, everybody stands to gain and nobody to lose. How the responsibilities and opportunities of this process are to be shared among the various instruments of economic growth is a matter for rational planning and not for factional politics.

Holding the price-line

THE JANATA party's manifesto for the Lok Sabha elections clearly stated that, if this party came to power, the prices of essential commodities would not be allowed to rise beyond the capacity of the common man to pay. However, ever since it assumed the reins of power at the centre in the last week of March this year, there has been no let-up in the rising trend of prices which had started more than a year ago. In the elections to be held in 10 states and two union territories in June, shortages of essential commodities and high prices will be live issues. The Janata party can ill afford to neglect them.

The latest general index of wholesale prices (revised series with base 1970-71=100) is available for the week-ended April 23, 1977; it shows a rise of 3.4 per cent over the index for the week-ended January 1, 1977 and 1.3 per cent over the index for the week-ended March 26, 1977 (See Table I). The *Economic Times* index of wholesale prices of commodities (base: 1969-70=100) seems to be more sensitive to changes in prices. It records a rise

of 5.2 per cent between January 1, 1977 and May 6, 1977 and 3.3 per cent between April 1, 1977 and May 6, 1977 (See Table II). However, these indices include a wide variety of commodities some of which do not directly enter the consumer basket of the common man. The government will therefore have to watch with care the movements in the prices of such articles as cereals, pulses, edible oils, vanaspati, cotton textiles, gur and sugar, tea and coffee which absorb the bulk of the purchasing power of the less affluent sections of society.

An over-all index of prices tends to average out fluctuations in the prices of a large number of commodities. It, thus, fails to exhibit the relief that falling prices provide in some sectors or the pressures that increasing prices generate in others. The index for cereals (rice, wheat, jowar, bajra, ragi and small millets) is the best example to illustrate this point. In the *Economic Times* series, the index for cereals fell from 169.9 on April 1, 1977 to 165.0 on May 6, 1977. During the same

period, wheat prices index dropped sharply from 144.3 to 132.9 but the index for rice prices rose from 179.8 to 182.5. The contrary movements of wheat and rice prices partly cancelled out in the index for cereals. In the wheat-eating areas, the drop in wheat prices has lowered the pressure on family budgets while there has been some strain in the case of families in rice-eating areas. But these movements in the prices of wheat and rice are seasonal and sufficiently understood as well as anticipated by consumers.

In the case of the official index for cereals, the cross movements in the prices of wheat and rice (which have predominant weightage in the index) completely neutralised each other with the result that the index at 156.8 in the week-ended January 1, 1977 was unchanged in the week-ended April 23, 1977 (See Table III). No violent upsurge in the prices of cereals is expected in the coming months because of the comfortable stocks of foodgrains held by the government.

The trend in the prices of pulses has rightly caused an alarm. The official

TABLE I

Index Numbers of Wholesale Prices

(Base: 1970-71=100)

	1977	1976
Week-ended		
January		
1	177.0	166.8
8	178.2	166.6
15	178.7	166.4
22	178.6	166.4
29	178.8	166.0
February		
5	179.8	166.0
12	181.4	165.4
19	182.5	164.8
26	183.5	163.4
March		
5	182.4	162.9
12	182.5	162.8
19	181.6	162.2
26	181.5	162.6
April		
2	181.3	163.9
9	181.9	166.0
16	182.9	166.8
23	183.9	168.2

index rose by a little more than nine per cent in the week-ended April 23, 1977 since the beginning of the current year. There are two important reasons for this sharp upturn in the prices of pulses. First, the pulse crops have been neglected in this country for a long time and the overall annual output has tended to stagnate instead of rising. Second, the outlook for the current year's pulses crops does not seem to be bright due to the untimely rains in April and May this year.

expediting imports

Edible oils recorded an increase of nearly eight per cent in prices between January 1, 1977 and April 23, 1977 and more than 50 per cent over the past 12 months. The government then in power had realised early this year that massive quantities of edible oils would have to be imported in order to cover the gap between demand and supply. Import licences valued at Rs 514 crores were issued to private importers, but actual imports have so far been around Rs 40 crores in value. There are also allegations of profiteering by some importers. Currently, a committee is examining this problem. What seems to be certain is that the prices of edible oils may not be brought down in this country in the near future because their prices in the world markets have already soared and range above Rs 9,000 per tonne for even the cheapest oil. It will no doubt be desirable to expedite imports of edible oils and arrest any undue price rise in this country due to paucity of stocks. In the meantime, there is little justification for a rise in vanaspati prices since the State Trading Corporation has continued to supply edible oils to the vanaspati industry at reasonable prices. In a meeting with the Commerce minister, Mr Mohan Dharia, vanaspati manufacturers are reported to have assured him that all middlemen who are suspected to be indulging in blackmarketing would be eliminated and steps would be taken to sell vanaspati to the consumers at fair prices.

The prices for cotton textiles have moved up by about six per cent since January 1, 1977. Here the villain of the piece has been raw cotton, the prices of which have not been restrained despite liberal imports from abroad. World prices

of cotton are much higher than prices prevailing in this country. Hence the Cotton Corporation of India has been obliged to subsidise cotton sales to mills. In the short run, there is not much chance of the government or industry succeeding in lowering cotton or cotton textile prices.

The prices of a large number of other commodities in the consumer's basket such as tea, coffee, meat, vegetables etc, have risen in the months of April and May this

TABLE II

The Economic Times Index of Wholesale Prices of Commodities

(Base: 1969-70=100)

	January 1, 1977	April 1, 1977	May 6, 1977
Rice	174.8	179.8	182.5
Wheat	150.7	144.3	132.9
Groundnut oil	143.1	172.2	194.3
Sugar	186.8	175.2	182.1
Gur	202.2	207.4	217.3
Cotton	219.7	239.1	250.0
Groundnut	145.7	172.1	212.7
Cotton yarn	220.2	234.6	233.9
Cereals	169.8	169.9	165.0
Pulses	165.0	169.1	182.3
Vegetable oils	180.2	180.7	195.9
Spices	156.4	183.6	190.0
Industrial fibres	172.6	184.3	190.4
Oilseeds	221.6	209.8	244.0
Textile yarn	190.4	202.1	204.0
Food articles	174.4	178.5	182.5
Raw materials	199.7	200.5	216.4
Manufactures	178.3	182.1	184.8
General all-India	181.4	184.7	190.8

TABLE III

Index Numbers of Wholesale Prices

(Base: 1970-71=100)

	January 1, 1977	April 23, 1977
Cereals	156.8	156.8
Pulses	152.8	166.6
Fibres	193.8	196.9
Oilseeds	174.7	180.4
Edible oils	162.6	175.2
Cotton textiles	162.0	171.2
Drugs & medicines	134.7	135.4
General index	177.0	183.9

year. Tea and coffee prices have firmed up because of rising demand both in this country and abroad. Sugar prices have declined somewhat because of the increase in production and anticipated fall in exports. Thus, the factors which have mostly operated in stimulating prices of essential commodities are not within the sphere of influence of the business community. The prime minister, Mr Morarji Desai, has however appealed to manufacturers to reduce prices voluntarily even if they have to incur losses for a short period. The newly-elected president of the Federation of Indian Chambers of Commerce and Industry has urged chambers of commerce in various states to set up vigilance committees in cooperation with government departments for arresting increases in prices.

a valid question

At the golden jubilee session of the FICCI, the prime minister had opined that it was the steady expansion in money supply, unmatched by the availability of consumer products, which was the real cause of price inflation. Even if we concede for the moment that the current inflationary spell is due to expanding money supply, what steps has the Janata government taken to restrain this growth? From all indications it appears that the new government is engaged in studying the problem and is not in a position to throw up a solution. All eyes are therefore focussed on the forthcoming first budget of the Janata government which should indicate the manner in which it plans to wrestle with this problem.

That is why, in most policy matters, *status quo* prevails at present. For instance, no change in the credit policy has been instituted. The incremental reserve ratio has not been changed even though it was to be reviewed in the last week of April. No decision has been taken in regard to bonus. The withdrawal of the Compulsory Deposit Scheme in part is the result of the persistent pressure from the public though there is the lurking fear that it might aggravate the price situation by injecting increased purchasing power at a time when some of the essential consumer goods are in short supply in the country.

The union minister for Industry, Mr Brijlal Verma, recently stated in Calcutta

that "output would not be allowed to stagnate in industry." While the government on its part may be keen to accelerate industrial production, there are certain new constraints to production which are emerging. In some parts of the country, power shortage has already raised its head and frantic efforts are being made

to conserve its use. Then, industrial relations during the past two months have tended to deteriorate leading to sharp increases in man-days lost due to industrial disputes. In view of all these factors, the pace of industrial production is expected to slow down which may further fan the fire of inflation.

CDS : promises to keep

WITH THE discontinuance, through a presidential order, of the impounding of 50 per cent of the increases in the dearness allowance of the working class, including the employees of the government, with effect from May 1, the Janata government has redeemed at least partly another important pledge it had given to the electorate at the time of the recent Lok Sabha poll. The compulsory deposit scheme, which was introduced in July, 1974, as an anti-inflation measure, had three components. One of them relating to the impounding of the wage increases after July 5, 1974, in full for one year, was abrogated last year when the scheme was extended for 12 months in a modified form. The second component, relating to the impounding of the dearness allowance increases, was scrapped on May 9 through the proclamation of the above ordinance. What now remains of the scheme is the making of compulsory deposits in special accounts, equivalent to certain specified percentages of their incomes, by income-tax payers with assessable incomes of Rs 15,000 or above. This part of the scheme too will lapse on July 31, unless extended by a new decision.

The government, however, has not gone by the hopes held out by some members of the constituent sections of the Janata party at the time of the election that the impounded sums would also be returned to the employees along with interest when the scheme is scrapped and also that the dearness allowance impounded in the first two years of the operation of the scheme would be returned in cash. When the scheme was extended last year, provision was made that the dearness allowance impounded during the extended

period would be returned to the employees along with interest through credits to their provident funds, but the repayments of the sums impounded in the first two years would be made with interest, as originally envisaged, in cash to the employees directly in five equal annual instalments. No change has been made even now in the mode of repayment of the amounts impounded on account of the wage increases as well as of the deposits made by the income-tax payers. Two instalments of the impounded wage increases and one instalment each on the other two counts have already been refunded to the employee with interest. But the repayment of the second instalment of the impounded dearness allowance together with the accrued interest, it has been decided, would be credited to their provident fund accounts and not paid in cash.

The government's decision to credit this year's repayment instalment on account of the impounded dearness allowance to the provident fund accounts of the employees has consequently caused much disappointment to those affected by it. All the same, it deserves to be welcomed in the overall interests of the economy. The sums lying impounded on account of dearness allowance aggregate to Rs 1,280 crores. Repayment of this year's instalment along with interest would have amounted to not less than Rs 330 crores. The impounded amount under the additional wages component currently stands around Rs 30 crores. The repayment of the third instalment from this account plus interest would mean an outgo of Rs 13.5 crores. The repayment of the second instalment to income-tax

payers would fall due only on April 1 next year; the compulsory deposits on this score exceed Rs 100 crores.

The release of the second instalment of about Rs 330 crores out of the impounded dearness allowance directly to the employees would have increased the purchasing power in their hands by nearly Rs 800 crores, after allowing for the fact that the discontinuance of the impounding of 50 per cent of additional dearness allowance with effect from this month alone means the increase in their take-home pay of the order of Rs 500 crores per annum. In the present state of the economy, when inflationary tendencies are strong, such a large addition to the spending stream—withstanding the fact that part of it would undoubtedly have been saved by the employees—would have given a new thrust to the price level. This would have caused all round hardship, particularly to the low-income groups. The decision, therefore, is a rational one. It is encouraging to note that the new leadership at the centre has not shown a partiality for populism in taking this important decision.

another aspect

The Finance ministry, also needs to bestow some thought on another aspect of the issue which appears to have escaped notice. There is a good case for treating the above credits to the provident fund accounts of the employees for the period till the last instalment of the impounded dearness allowance falls due for repayment on a different footing than the normal subscriptions to provident fund. Had this instalment been repaid in cash together with the accrued interest, as is provided for in the case of the employees who do not subscribe to provident funds, they could have earned through re-investment in bank deposits a better interest than what is available on provident fund savings.

Two more points deserve consideration in respect of the purchasing power in the hands of the employees this year. The government is expected to take a decision soon on the payment of bonus on the concept of bonus being a deferred wage. The income-tax exemption limit too may be raised to Rs 10,000 if

the Janata party implements its pledge to the electorate on this score. Some relief to the working class, indeed, is called for and increased disposable income in its hands may have a desirable effect on the revival of demand for many industrial products. But surely, as argued above in regard to the repayment of the second instalment of impounded dearness allowance, care has to be taken that there is no unduly large addition to the spending stream. In the circumstances, it is imperative that voluntary savings are encouraged to the greatest extent possible.

The steps that may be taken in this connection are the raising of the statutory minimum limits of subscriptions to provident funds and liberalising the exemption limits from income-tax for the specific advantage of interest income from bank deposits on the analogy of preferential treatment meted out to the yield from units in the UTI. While the former will enable siphoning off of some extra disposable incomes in the hands of the employees in the lower and medium categories, the latter will help foster savings among the more affluent sections.

Currently, the statutory contribution to

be made by employees under the employees' provident funds scheme is $6\frac{1}{4}$ per cent in general and eight per cent in 91 industrial and business fields where the strength of an establishment is 50 persons or more. The latter has been done through the issue of notifications at various stages in the last 24 years under the first proviso to section 6 of the employees' provident fund scheme. These limits may be raised to 8 and 10 per cent respectively.

Exemption from income-tax is available to interest from bank deposits subject to a ceiling of Rs 3,000 per annum for all incomes eligible under this provision, including dividends from shares and from units. Incomes from units enjoy a further exemption limit of Rs 2,000. The Rs 3,000 exemption limit was fixed when interest rates on bank deposits were significantly lower. No revision has been effected in this limit since the interest rates were raised three years ago. There is justification for raising this limit to at least Rs 4,000. In fact, the above two separate exemption limits may be merged into a figure of Rs 6,000, since units have now become sufficiently popular.

West Bengal : prospects for investment

IN HIS presidential address at the annual general meeting of the Bengal Chamber of Commerce and Industry held on May 4, Mr J. Sengupta urged the government of India to set up some basic industries in West Bengal in the public sector. The industries that he suggested were a ship-building yard and a petrochemical complex in Haldia. Mr Sengupta pointed out that a naphtha cracker plant could help the establishment of the petrochemical complex which would attract investment to the tune of Rs 200 crores in downstream industries in the private sector. The coal based chemical industry in Asansol/Raniganj region is another proposal which will stimulate the growth of a large number of ancillary industries. These schemes have been under the

consideration of the government of India for the past several years but neither New Delhi nor the government of West Bengal seems to have taken a keen interest in them. Even if the government of India is now willing to consider these proposals favourably, will it be possible to implement them in view of the chronic power shortage in West Bengal?

Mr Sengupta said that the power situation in West Bengal was "desperate" and that "industrial production is being seriously hampered". He quoted the finding of the ninth annual power survey committee of the Central Electricity Authority which had estimated that by the end of this decade the demand in Lower Bengal would grow to 1460 MW and that, even if the approved power

projects were completed on schedule, the shortfall would continue. He therefore suggested that "top priority" should be given to the enlargement of generating capacity and that the foreign exchange reserves might be utilised for importing power plants where it was essential. But these proposals will take time to be implemented and, in the meanwhile, there does not seem to be an immediate solution to save industries from the impact of sudden and frequent load-shedding.

pressing needs

Mr Sengupta referred to the difficulties facing the jute, tea and engineering industries in the eastern region and observed that, for the jute mills, adequate bank finance was "the most pressing need" and that this should be met. The tea industry, according to him, has been doing well due to the higher unit value in the international market and he suggested that it should now plough back profits to increase the yield per hectare. But the engineering industries continue to face serious difficulties. "A substantial capacity for capital goods, intermediates and consumer goods still remains unutilised primarily due to lack of sufficient demand", said Mr Sengupta. He revealed that orders expected from the government following an increase in the annual Plan outlay had not been forthcoming. It is not clear whether he was referring to the orders from the government of India or the government of West Bengal, or both. In any case, there is an imperative need to ensure the flow of more orders to the industries in the eastern region. But if adequate orders are readily forthcoming, how far will industries be able to meet them according to schedule in the present situation?

The president of the Bengal Chamber welcomed the government's emphasis on the growth of small industries but he stressed the need for caution in implementing this policy. He said, "But on no account should scarce material resources be wasted through over-protection of small-scale units. Also, where unit cost can be reduced through the application of sophisticated technology, replacement of the large-scale by the small-scale units can only be counter-productive. Furthermore, compliance with norms of employment

and other statutory requirements should be as much the responsibility of the small-scale units as that of the large-scale units in general. If, however, such compliance affects the viability of the small-scale units, then consideration may be given to granting them subsidies and tax concessions on a selective basis for specific improvements in their production efficiency rather than across-the-board concessions". It is hoped that the government will carefully consider the implications of these suggestions. The import policy for 1977-78 provides many substantial concessions and incentives to the small industries but sufficient care should be taken in implementing it so that only the genuine units get the benefits. The Bengal Chamber and similar organisations should spell out in greater detail what exactly should be the official policy towards small industries so that their growth can be ensured on healthy lines.

Mr Sengupta raised the question of foreign capital investment in India. He said that foreign capital could play "a very useful supplementary role not only in accelerating the rate of investment but also in up-dating technology and generating additional employment". He suggested that foreign capital should be allowed only with adequate safeguards and that export obligations might be stipulated to match the dividend and the royalty outflow. But would not the Bengal Chamber like to have the entire scheme of export obligations reviewed in the context of the accretion of large foreign exchange reserves?

Mr Sengupta suggested that the existing

foreign investment should continue to be encouraged "on a selective basis and with proper controls, since it will particularly benefit the economy of the eastern region which has the largest concentration of FERA companies". Such a policy will also help to promote the flow of new foreign investment into the eastern region which has immense potential for several industries with growth prospects. Indian and foreign investors can be attracted to West Bengal only if the climate there is sufficiently attractive. Apart from the constraint of power, investors have to face, to quote Mr Sengupta, "the baneful effects of inter and intra-union rivalry" which are "strikingly perceptible in a number of units". In any case, investors will prefer to wait and see to what extent political stability will prevail in West Bengal in the coming months.

Mr Brijlal Verma, union Industries minister, who inaugurated the chamber's annual meeting, did not deal with the major issues raised by Mr Sengupta. The minister stressed the need to encourage the growth of small scale industries and to halt the trend of migration to urban areas. He urged industry to break new ground and take up measures for decentralisation of industry. The Bengal Chamber has already taken the initiative in this matter. It has announced its intention to adopt a group of villages and undertake activities for improved agricultural practices, family welfare and betterment of the quality of life. It remains to be seen to what extent this commendable example will be emulated by other business organisations.

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CAPITAL'S CORRIDORS

R. C. Ummat

New orientation to industrial development • Recycling of food stocks • Export board for steel • State elections

SEVERAL EXERCISES are being conducted in the various organisations of the government of India connected with the village, rural and small-scale industries and also in the Planning Commission to reorient the industrial policy to the development of these industries. Some joint meetings of the representatives of the above organisations are stated to have been held in the past few weeks under the aegis of the Planning Commission.

The reorientation of the industrial policy is to be done in terms of the Janata party's election manifesto. The additional secretary and development commissioner for small-scale Industries, Mr I. C. Puri, revealed to newsmen last week that a new industrial policy statement was likely to be made by the prime minister or the minister for Industry soon. Mr Puri is coordinating the studies which have been initiated. A tentative working paper, he disclosed, had already been submitted by him for the consideration of the union cabinet.

time-bound exercises

Mr Puri stressed that the above exercises were timebound exercises. One paper based on them, suggesting the programme for immediate implementation, would be finalised shortly in the light of the comments received on the tentative working paper already submitted so that some steps for the development of the decentralised sector could be taken in the forthcoming regular budget of the central government. A detailed blueprint was proposed to be finalised in about three months.

The major shift in emphasis in indust-

rial policy is envisaged to be made in favour of fostering rural and cottage industries. It is felt that even the small-scale industries cannot improve employment situation in rural areas. The rural industries are primarily proposed to be based on local skills and raw materials. The use of industrial intermediates by them, whether produced indigenously or imported, however, is not ruled out.

small sector

Another major thrust of the new policy is likely to be that those industries would be taken up for development first in which there is greater scope for employment at the production stage itself. Within the small-scale sector, Mr Puri said, efforts would be made to identify the most labour-intensive industries as there were considerable variations in labour intensity of small units. Although the commonly understood small-scale sector, Mr Puri added, had a good deal of employment potential at the production stage, yet its major potential for providing profitable avocation was in the marketing field. The new policy therefore will be different from the policy followed for the fostering of small-scale industries hitherto in this material respect also.

Mr Puri, however, agreed that development of rural, cottage and small-scale industries could not be isolated from the development of the other sectors of the industrial economy, as the development had to be in a coordinated and integrated manner. Even the rural, cottage and small-scale industries had to depend

on adequate availability of equipments and raw materials which could be produced economically only in the large-scale sector. Then, there was the question of ancillary industries. Attempts primarily would have to be made at the development of rural, cottage and small-scale industries at both the ends of the nucleus of the large-scale sector, the decentralised sector not only assisting the development of the large-scale sector but also making use of the products, particularly equipment and industrial intermediates, produced by large-scale units.

technical assistance provision

Another major effort, Mr Puri indicated, would be provision of not only financial and technical assistance for the setting up of small industrial units but also for the marketing of their products, which was a major handicap the small industries sector suffered from at present. Efforts would also be made to encourage co-operatives of rural and cottage industries to make their economies sufficiently viable.

Mr Puri further stated that thought was being bestowed on reclassifying industries, as at present there was both duplication and omission of work among the various agencies connected with their development. The Khadi and Village Industries Board, for instance, he pointed out, had been assigned certain industries which also fell under the definition of small-scale industries.

Asked about the weeding out of bogus small-scale units, Mr Puri observed that liberal imports and easy availability of raw materials had, in fact, put an end to most of such units. The mode of operation of these units in the past was to get allocations of scarce raw materials and sell them at a profit in the open market instead of undertaking any manufacture. Now, as there was hardly any open market premium, many bogus small-scale units had lost their profitability and hence the rationale for their existence. Another helpful factor had been the coming up of the new generation of entrepreneurs which was industry-oriented,

unlike the older generation which was trade-oriented.

The Director-General of Food and Agriculture Organisation (FAO), Dr Edourd Saouma, who was on a short two-day visit here last week to get acquainted with the new leaders at the helm of affairs in the government and to assure them of FAO's continuing interest and support to Indian agriculture, revealed to newsmen at the conclusion of his visit that he had held some preliminary discussions with Indian officials on their proposal of part of our food stock being loaned through FAO to nearby countries to be replenished later by this organisation when we need the loaned grains.

recycling stocks

The proposal is understood to have been made from the Indian side in view of the difficulties being experienced in recycling the wheat stock which alone aggregates to nearly 16 million tonnes. By the end of next month, this stock is likely to go up to 20 million tonnes if the current procurement programme succeeds according to expectations. The overall stock of foodgrains at present exceeds 18 million tonnes, entailing locking up of sizeable funds and the need for augmenting the storage capacity. There is also a danger that if it is not recycled properly, the quality of the stocked grains would deteriorate. If part of the stock could be utilised by FAO for its assistance programme to the needy neighbouring countries, this would save a good deal of transportation cost of this assistance programme and India would be assured of getting back the loaned grains when the need arose, without spending undue foreign exchange on effecting imports.

The final decision of FAO in regard to the above proposal is expected to be known in the near future. A detailed scheme would be worked out then.

Dr Saouma pointed out that the scheme to arrange regional food stocks had not yet gone under way since some countries were not prepared to accept

international guarantee. The rich countries also had as yet done nothing to implement the recommendation of FAO that 18 per cent of the annual consumption should be held in stock, although they had agreed to this proposal in principle. Another difficulty in finalising the scheme was that two large foodgrains producing countries, namely, China and the Soviet Union, were not included in it.

Dr Saouma disclosed that FAO would organise a world rural development conference in 1979. He has asked the government of India to provide data and analysis on the basis of the Indian experience for the guidance of the proposed conference. He referred specially to the pilot projects undertaken by the union ministry of Agriculture to study constraints to rural development in the 20 districts in which the scheme had been launched by it.

Dr Saouma further revealed that some proposals from the government of India for assistance under the technical cooperation programme of FAO were receiving his sympathetic consideration. Already two projects had been approved under this programme, involving an allocation from FAO to the tune of \$ 341,000. The projects were a pilot plant for manufacturing small prefabricated water control structures in support of the command area development programme and provision of equipment for the geophysical wing of the central ground water board.

An export board is being formed to boost the exports of steel. The board will constantly review the export position to maximise the foreign exchange earnings and also to ensure that there is adequate domestic availability. It will consist of representatives of the government, the main producers of steel and re-rollers.

The decision to set up the board was taken recently after a review was made by the Steel ministry and SAIL of the availability of steel, absorption in the domestic market and export requirements. Discussions were held with the main producers, billet re-rollers, mini steel plants and tube-makers to optimise the

utilisation of capacity in the steel sector as a whole.

The steel export target for 1977-78 has been fixed at 2.4 million tonnes. Apart from this, one million tonnes of pig iron will also be exported. Efforts are being made to increase the exports of re-roller from 300,000 tonnes last year to nearly 600,000 tonnes during the current financial year. Exports of steel last year amounted to 1.409 million tonnes and those of pig iron to 1.022 million tonnes, netting foreign exchange worth Rs 331.8 crores.

The Election Commission has announced the programme for general elections to the legislative assemblies of ten states and two union territories, including the Metropolitan Council of Delhi. The poll will be taken between June 10 and 14. Four states and the two union territories will have one-day poll; four states will have two-day poll and two states will have three-day poll. The poll dates will be as follows: Orissa and Himachal Pradesh — June 10; Punjab, Haryana and Delhi — June 12; Pondicherry — June 14; Madhya Pradesh and Rajasthan — June 10 and 13; West Bengal — June 11 and 14; Tamil Nadu — June 12 and 14; Uttar Pradesh and Bihar — June 10, 12 and 14.

The last date for making nominations for these 12 state assembly elections is May 18. Scrutiny of nominations will be held on May 19 and the last date for withdrawal of candidatures will be May 21.

The poll in the union territory of Goa, Daman and Diu is to be taken on June 1.

The bye-elections to fill nine vacancies in the Gujarat legislative assembly will be held on June 10.

Announcement

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Making the most of more imports Sagittarius

What are the prospects for additional imports following the liberalised policy for issue of licences? The author believes there may be larger imports of such items as were smuggled into the country previously. The expenditure in regard to machinery and spares is unlikely to be substantial as world prices are high and importers of plant and machinery will also have to find the required rupee resources. In view of wild fluctuations in the indigenous production of cotton and oilseeds, opportunity should be taken to build their buffer stocks by making purchases in favourable world market conditions.

THE IMPORT policy for 1977-78 could be easily formulated by the union minister for Commerce as the trends in foreign trade in 1976-77 were quite gratifying and there has been an embarrassing growth in foreign exchange reserves. Mr Mohan Dharja could indeed have opted for free licensing or the issue of open general licences for all imports except those on an intelligently conceived banned list. The position now is vastly different from the mid fifties when it was decided to utilise the huge foreign balances—"huge" according to the then prevailing notions—and provide the necessary facilities for industry and trade for getting their requirements through imports. As there was a strong pent-up demand and the industrial base in this country had not been strengthened available foreign exchange reserves could be easily run down and foreign balances held by the Reserve Bank in the issue and banking departments at the end of 1960-61 were only Rs 136.25 crores against Rs 884.18 crores at the end of 1950-51 and Rs 746.14 crores at the end of 1955-56.

rapid withdrawals

Thus, there were rapid withdrawals from the reserves only in 1956-61, the net decline being Rs 610 crores. This extent of utilisation may not be considered staggering in the present context of foreign balances of over Rs 2,800 crores. But it is necessary to remember that foreign balances in 1955-56 had a greater rupee connotation if the devaluation of the Indian currency in 1966 is taken into consideration. Also the purchasing power of these balances was much more effective and it will be no exaggeration to say that the withdrawal of Rs 610 crores then would be the equivalent of Rs 2,500 crores today

on an adjusted basis. It was therefore possible to finance trade deficits by drafts on reserves and net foreign aid.

The situation turned difficult in the early sixties and it became necessary to seek liberal foreign aid and also assistance under PL-480 from the US. There was considerable criticism of the policy adopted by the then government in respect of imports and heavy expenditure on purchases of foodgrains and other agricultural commodities under the PL-480 agreement. There cannot however be a repetition of the earlier happenings now as it is unnecessary to import foodgrains, what with our bulging buffer stocks of wheat. The industrial base has vastly expanded and there is even difficulty in

POINT OF VIEW

absorbing fully the output of steel, engineering goods, cloth and yarn and chemicals while there is a boom in exports of hides and skins and plantation products.

Except for the shortage of raw cotton and edible oils and vital requirements of imported spares and components, there is no need for massive imports in other directions. The trends in foreign trade in 1976-77 have been highly gratifying as it has been possible to finance import very nearly with current foreign exchange earnings. In the first 11 months of 1976-77, exports surged to Rs 4,493.96 crores from Rs 3,477.66 crores in the corresponding period in 1975-76 while

imports were not much higher than during the same period last year. The trade deficit thus contracted to a nominal Rs 80.6 crores for the 11 months ended February 1977 from as much as Rs 1,311 crores in the corresponding period in 1975-76.

What is the outlook for foreign trade in 1977-78 and what are the exact implications of the new import policy? The answers to these questions will enable us to determine to what extent there can be a running down of foreign balances for financing additionally imports and securing the required resources for plan schemes. With a boom in exports of plantation products larger shipments of textiles, hides and skins, marine products and engineering goods, the value of exports in 1977-78 can be easily Rs 5,500 crores. The shipments of tea and coffee alone may be fetching an extra Rs 200 crores in the current financial year, if not more, while additional foreign exchange earnings from other plantation products are likely to be Rs 50 crores. Cotton textiles, engineering goods and marine products can account for another Rs 200 crores and the balance of Rs 200 crores through other products.

no trade deficit

With aggregate exports in 1976-77 being only around Rs 5,000 crores, it will be seen that an increase in imports by even Rs 500 crores in 1977-78 can be easily paid for by export earnings. And if there has to be a net withdrawal from foreign balances by Rs 800 crores, imports will have to rise to Rs 6,300 crores. Even if the assumptions regarding export earnings are not fully realised, there is no likelihood of any net trade deficit emerging in the absence of a planned policy for imports, heavy capital expenditure on Plan schemes by securing plant and machinery outside the allocations of foreign aid and liberally permitting investment in neighbouring countries.

The prospects for maintaining exports at a high level are certainly encouraging while there can be a cut-back in imports of raw cotton and edible oils if the yield

FACTS YOU'D LIKE TO KNOW ABOUT THE PHARMACEUTICAL INDUSTRY

The pharmaceutical industry in India has a record of performance matched by few other industries. In terms of quantity and quality of growth, it is in the front rank of India's science-based industries, producing almost all essential medicines and meeting the country's requirements of finished products in full and of bulk drugs very substantially.

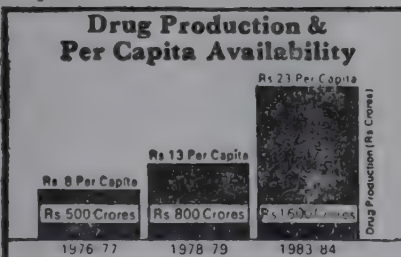
Among the developing countries India has the distinction of having the largest and most modern pharmaceutical industry, according to the rating of the United Nations Industrial Development Organisation (UNIDO). Here are the dimensions of growth in brief:-

1948 Vs. 1976—Progress Made

	1948	1976
Capital Investment	24 (1952)	225
Production	10	500
Bulk Drugs	18 (1965)	100
Exports	1.27 (1963-64)	26
Research & Development	Negligible	8

The present production of drugs in the country, valued at Rs. 500 crores, works out to Rs. 8/- per annum on a per capita basis. Even if production were to be increased to Rs. 1600 crores by the end of the Sixth Plan (1983-84) that is, more than three times the current output, it would hardly be sufficient for a per capita availability of drugs of Rs. 23/- per annum as by then our population would have also increased.

The fact is that the country just does not produce enough drugs to go around; nor will it be able to meet the demand in full in the 5th and 6th Plans, if 50% of the population becomes regular consumers of modern drugs instead of 20-25% at present.



Total Management Capability

The pharmaceutical industry has the capability—technological, financial, managerial, in fact, of total management—to achieve the required production provided the right policies are adopted and a suitable operating environment or growth climate is created.

There are four major policy questions that are fundamental to the growth of the industry on health lines. These cover (i) production (ii) pricing (iii) research and development and (iv) technology.

Production

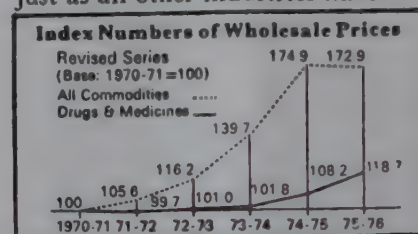
Undoubtedly higher production of both bulk drugs and finished products is the most important national need today. There is an

urgent need to redefine our priorities and reframe our policies with a view to expediting the process of full utilisation of capacities to maximise production.

Pricing

Drug prices in India are among the lowest in the world. Expert bodies and official committees of enquiry have decisively confirmed this fact. Yet the vast majority of our people cannot afford to buy the medicines they need. This is a clear indication that drug prices are not high but that, unfortunately, the purchasing power of our people is low which in turn is a reflection of the low level of our economy.

The industry's record in holding the price line of drugs is exemplary. According to the Government price index, drugs are among the very few commodities in which inflation has been minimal. This despite the fact that the drug industry has suffered from an escalation in costs just as all other industries have.



A stable and fairly long-term pricing policy for both bulk drugs and formulations is basic to the healthy growth of the industry. Such a policy should ensure a fair price—fair to the consumer as well as to the producer.

Research & Development

In all the areas of R&D—basic research, process research and improvements, product development, formulation, packaging and import substitution research—the pharmaceutical industry has an excellent record. Look at the facts. The industry's R&D spending is 2% of its sales turnover. This compares very favourably with the R&D expenditure of 0.06% by all industries in the country. However, compared to the industry in the developed countries, our R&D expenditure would appear to be small. But then R&D is directly related to the size of operations and the level of profits. The pharmaceutical industry in India, and the units comprising it, are small not only by international standards but by Indian standards as well. However, this situation is bound to change. As the industry grows and with it the size of the individual units, research and development relevant to the diseases and conditions prevalent in India would grow apace.

R & D Expenditure—A Comparison	% of turnover
Drugs & Medicines	2.0
Textiles	0.1
Rubber Products	0.6
Chemicals & Chemical Products	0.1
Engineering & Machine Building	0.08
All Industries (Average)	0.06

Technology

The pharmaceutical industry, more than any other industry, is international in character and operations. Disease knows no national boundaries and the search for new knowledge and new agents to combat disease and relieve human suffering are truly international in scope and coverage. If it were not for the international character of pharmaceutical research, modern therapeutics would be very much poorer.

Self-reliance in technology is one of our major national goals. With its large scientific infrastructure and technical manpower our country is now well set on the road to technological self-reliance in several fields, including pharmaceuticals. However, self-reliance can be viewed only in a relative sense—relative to the time and situation of each industry. A degree of self-reliance is a feasible and desirable national goal but complete self-reliance is not possible; nor is it desirable even for the most developed country today. The international orientation of the industry also facilitates the inflow of new products and new technologies which in turn strengthens our own technological capabilities.

The very fact that even such developed countries as the United Kingdom and Japan, who have obtained a high degree of technological competence, not only allow but even encourage collaboration by international companies from other countries indicates that such collaboration is necessary and is in the best interest of the industry and of the people in these countries.

At the Cross-Roads

The pharmaceutical industry in India today stands at the cross-roads. It is a vital segment of the national economy. Its products and services are an essential input in our health care programme. Let us therefore adopt such policies and attitudes that will stimulate and sustain the growth of the industry. So that it is enabled to make available modern drugs of the highest standards of quality to all our people where they are needed, when they are needed.

If you would like to have more information and data about the pharmaceutical industry, please write to:

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of cotton and oilseeds in the new season turn out to be satisfactory. The opportunity should of course be utilised for building up stocks of these and other commodities if world prices tended to decline and purchases could be effected on a reasonable basis. The developments in the past two years have emphasised the need for ensuring continuity in supplies even with violent fluctuations in the indigenous production of commercial crops. This continuity can be assured if 500,000 bales of raw cotton and 300,000 tonnes of edible oils can be maintained as buffer stock. These buffer stocks need not necessarily involve additional outlay in foreign exchange as they could be created even with the same volume of imports when internal production tends to rise. The outlay will not be more than Rs 500 crores even if the entire amount has to be found over and above imports on the scale of 1976-77 under these heads.

Again, what are the prospects for additional imports following the liberalised policy for issue of licences? There may have to be larger imports of items which have been smuggled into the country and machinery and spare parts unavailable

from indigenous sources but the expenditure in this regard is unlikely to be substantial as world prices are high and the importers of plant and machinery will also have to find the required rupee-resources. Even in respect of edible oils and raw cotton which are in short supply, imports are not freely absorbed or licences fully utilised. This is because the import parity is higher than the indigenous prices even after the fantastic rise for different categories of cotton and edible oils in the past year. The waiver of the import duty on cotton and edible oils, excepting coconut oil and copra, has not helped matters and the government has had to subsidise sales of raw cotton for encouraging the absorption of foreign growths. In respect of edible oils a similar policy has not been pursued and it may become imperative to subsidise sales on a pooled basis if imports are to be liberally used. There are of course practical difficulties in the way as a pooling arrangement will be effective only if there are canalised imports and some regulation of operations of the trade. In view of the numerous difficulties involved and the undesirability of regimentation the best course would

be to effect sales through fair price shops on a subsidised basis out of stocks imported by the State Trading Corporation.

There are of course some items which can be secured on a cheaper basis as in the case of polyester fibre. But care has to be taken that such exports do not have an adverse effect on operations of indigenous producers. In some other instances, as in the case of polyvinyl chloride, there can be liberal imports for eliminating scarcities if import duties can be suitably adjusted. It will therefore be seen that the new import policy may not be automatically reflected in higher imports unless there is a decline in world prices or adjustments in import and excise duties for facilitating imports and stimulating consumption. The Finance minister has to adopt follow-up measures when presenting his budget for 1977-78. No mistakes should be committed which will have a retarding effect on industries on account of misplaced enthusiasm for running down foreign exchange reserves. The new experiment can, of course, yield good results if appropriate adjustments are effected in the light of actual developments.

Dimensions of unemployment in India

H. S. Kehal

Various estimates had placed the number of unemployed in the country in 1971 at around 21 million though no official figures have been issued in the recent past. Unemployment among the educated has increased at a galloping pace. The author who is Assistant Professor of Economics in the Punjab Agricultural University urges that educational and training facilities should be closely linked to the requirements of the economy. Keeping in view the severity of the situation, it is imperative to have manpower budgeting which would help in identifying the problems and chalking out feasible solutions.

NO PRECISE information is available at present regarding the total number of unemployed and underemployed persons in India. No official estimates of unemployment have been issued in the recent past. After the publication of the Dantwala Committee Report (1970), the Planning Commission has stopped giving any estimates of prevailing unemployment and underemployment.

Estimates are available, however, regarding the variations in the magnitude of unemployment in our country in the past. The extent of unemployment has been worked out by the Planning Commission, other agencies and individuals

on the basis of Census and National Sample Survey data, employment exchange statistics or information generated by special enquiries conducted from time to time. The backlog of unemployment at the beginning of the second Plan was placed at 5.3 million, 2.8 million in rural areas and 2.5 million in urban areas. On the basis of the National Sample Survey (NSS) Preliminary Survey of Urban Unemployment, the Study Group on Educated Unemployment set up by the Planning Commission placed the number of educated unemployed in 1956 at 0.55 million. The backlog of unemployment at the beginning of the third Plan was

originally placed at nine million but was subsequently revised to seven million. The backlog of the educated unemployed was estimated at about one million. The backlog as given in the fourth five year Plan—A Draft Outline (1966-71), was estimated between nine and 10 million, out of which seven million were thought to be in the rural sector. In the draft of the fourth Plan (1969-74) no attempt was made to indicate the backlog of unemployment in the country.¹

The Committee on Unemployment, appointed by the government of India in 1970 to assess the extent of unemployment and under-employment and to suggest remedial measures, has gone into the whole question and put the likely number of unemployed persons in India in 1971 at 18.7 million.² But this figure, the committee emphasised, only roughly indicated the dimensions of the problem. Out of these 18.7 million as many as

nine million were totally unemployed while 9.7 million had work for less than 14 hours a week and were treated as unemployed in compiling the estimates. Area-wise, 16.1 million were estimated to be in rural areas and only 2.6 million in urban areas. The committee further emphasized that these figures could only very broadly indicate the dimensions of the problem and could not give a precise measurement of the extent of unemployment. It is estimated that some 40 per cent of the population lives below the subsistence level. Apart from the wholly unemployed persons other categories of persons living below the subsistence level would also need to be provided with work opportunities adequately supplementing their income and for bringing them up to a minimum subsistence level.

Raj Krishna in his presidential address to the Indian Society of Agricultural Economics (1972) gave his own estimates about the minimum order of magnitude of our unemployment problem. Including the wholly unemployed and the severely underemployed available for additional work nearly 21.5 million of our workers were unemployed in 1971, about 19.3 million in the rural areas and 2.2 million in the urban areas.³

unemployed & underemployed

The 27th Round of the NSS was designed specifically to conduct an intensive study of the unemployment and underemployment prevalent in the country. According to the findings of this Round⁴ there were 4.1 million persons in 1972-73 who had no work and who were seeking work or were available for work and may be said to be 'chronically' unemployed. There were also 29.9 million casual workers who were intermittently unemployed and were seeking work. Out of these 29.9 million casual wage workers 27.3 million were in rural areas and only 2.6 million in the urban areas. On the other hand, out of the 4.1 million chronically unemployed, two million were in the rural areas and 2.1 million in the urban areas. Outflow of rural unemployed and underemployed to the urban areas in search of job openings accentuate the employment problem there

The 27th Round also provides estimates

about the average number of unemployed persons, excluding the underemployed, on a weekly status basis. Table I presents the estimates of average number of persons, totally unemployed in each week during October 1972 to March 1973. During this period 9.5 million persons (5.6 million males and 3.9 million females) on an average were unemployed and seeking work per week. The number may, however, vary from about five million in some weeks to about 11 million in some other weeks. Out of the 9.5 million persons 7.0 million were in rural areas and the rest 2.5 million in urban areas.

fears of the worst

It was also opined that the unemployment situation was expected to be worse in the months of April to September. Compared with the period of September 1961 to July 1962 (17th Round) and July 1964 to June 1965 (19th Round) the figure of 9.5 million persons in the period October 1972 to March 1973 (27th Round) was higher by 2.2 million persons (30.14 per cent) and 1.7 million persons (21.79 per cent) respectively. Further 239.8 million persons were estimated to be in the labour force during the period of the 27th Round, out of which 9.5 million were on the average totally unemployed in each week. Thus 3.96 per cent of the labour force was economically inactive per week.

It is not only the open unemployment

TABLE I
Estimates of average number of persons
totally unemployed
(Million)

	Rural	Urban	Total
In each week during October 1972 to March 1973			
Male	3.7	1.9	5.6
Female	3.3	0.6	3.9
Total	7.0	2.5	9.5
In a week of different NSS Round			
	17th Round (Sept. 61- July 62)	19th Round (July. 64- June 65)	27th Round (Oct. 72- Sept. 1973)
Male	7.0	6.8	7.0
Female	0.8	0.5	2.5
Total	7.8	7.3	9.5

Source: NSS Report No. 255-A.

but disguised unemployment and underemployment also which occupy serious dimensions in our country. The factors leading to this phenomenon are the low end poverty (low resource base of self-employed), seasonal nature of agriculture and low growth in the secondary and tertiary sectors to absorb the rural and urban surplus labour. "The figure of underemployment, computable for the 60's are truly staggering—averaging 19 million on the basis of report on availability for more work and 58 million on the basis of a cut off point of 42 hours of work per week".⁵

Even the above cited estimates from various sources may not represent a correct picture of unemployment and underemployment in the country because of the limitations from which the estimates suffer. But whatever the limitations in these estimates, one thing very clearly revealed by the analysis of the available statistics is that the problem of unemployment and underemployment is massive and growing.

magnitude of growth

It is not only the massive unemployment existing at a point of time but the tendency of the magnitude to grow at an accelerated pace which makes the problem grave in our country.

Backlog of the unemployed in our country has been increasing with every five year Plan completed. Backlog had increased because the employment opportunities created during the Plan period always fell short of additions to the labour force. For example, the opportunities of gainful employment created during first, second and third five-year Plans were only seven million, 10 million and 14.5 million respectively and these were far less than the net addition made to the labour force which were nine million, 11.7 million and 17 million respectively. Under various Plan and non-Plan schemes efforts have been made to create additional employment opportunities. Achievements under various employment generating programmes usually have not been according to expectation. "Year in and year out, the number of new jobs created whether under the crash schemes or under the SFDA or under the

ALA, has fallen frighteningly short of target announced. Even the limited days proposed under various employment schemes have, however, not been utilized in recent years".⁶

II

employment trends

The live registers of employment exchanges are the only regular source of information on trends in unemployment in the country. While all the persons registered with exchanges may not be actually employed, all the unemployed do not register at the exchanges, partly because registration is voluntary, but largely because the rural unemployed and underemployed do not know about the existence of these exchanges and even if they do, they seldom avail of the opportunity. So the live register data under-estimates the unemployment prevailing in the country. Despite these limitations, the data enables a review of the situation on a continuing basis.

The total number of applicants on the

live register as shown in Table II had increased from just 332,000⁷ in 1951 to 18,33,000 in 1961, 51,00,000 in 1971 and to a staggering figure of 96,08,000 at the end of June 1976. Analysis of the indices of unemployment taking 1951 and 1961 as base years further reveal the grim unemployment situation in the country. The index of the total number of applicants on the live register in 1976 was 2,984.16 on the base of 1951 and it was 524.22 on the base of 1961. Thus it is evident that the number of registrants with employment exchanges has grown by 29 times over the 26 years period of planned development and by more than five times between 1961 and 1976. Even these figures do not fairly represent the true picture of unemployment because all the unemployed are not registered with the employment exchanges.

An analysis of the yearly variations in the number of applicants reveals that it has been as high as 35.2 per cent in 1972. It ranged between 15 and 30 in most of the years under study. Only in one exceptional

year viz., 1964, it showed a decline of one per cent. That was perhaps due to change in the policy of renewal of registration by exchanges. Further data in Table II reveal that the number of unemployed on the live register increased during 1961-76 at a compound growth rate of 12.1 per cent. With this rate of growth the projected figure of the registrants on the live register is 1.51 crores for 1980.

The growth in numbers on the live register is accounted for by the widening gulf between the registrations and placements during the year. The ratio of placements to registrations ranged between 10 per cent and 14.4 per cent during the period 1961-69. But starting with the year 1969 it is showing an uninterrupted declining trend and the percentage of placements to registrations touched a bottom figure of 7.4 in 1975. A perusal of the data further reveals that the rise in registrations was to the extent of 68.5 per cent between 1961-75. Annual figure of registration touched its peak in 1973 with 6.15 million registrants. However,

TABLE II

Number of Registrations and Placements Effected by and Vacancies Notified to the Employment Exchanges each Year during the Period 1961-76 and the Number of Job-Seekers on the Live Resister at the end of each Year

(Figures in thousands)

Year	Registrations	Placements	Percentages of placements to registrations	Vacancies notified	Total number of applicants on the live register	Index	Percentage change over the preceding year
1961	3230.3	404.1	12.5	708.4	1832.7	100.00	—
1962	3844.9	458.1	11.9	790.4	2379.5	129.84	29.84
1963	4151.8	536.3	12.9	908.9	2518.5	137.34	5.79
1964	3831.9	544.8	14.2	916.6	2492.9	136.00	-1.00
1965	3957.6	570.1	14.4	946.1	2583.5	141.02	3.69
1966	3871.2	507.3	13.1	852.5	2622.4	143.04	1.43
1967	3911.7	430.6	11.0	699.0	2740.4	149.48	4.50
1968	4039.5	424.3	10.5	714.0	3011.6	164.32	9.92
1969	4200.7	432.3	10.3	721.6	3423.9	186.79	13.67
1970	4515.9	447.2	9.9	744.4	4068.6	221.98	18.83
1971	5129.9	507.0	9.9	813.6	5100.0	278.23	25.33
1972	5826.9	507.1	8.7	858.8	6896.2	376.21	35.21
1973	6145.4	518.8	8.4	871.4	8217.6	448.33	19.17
1974	5176.3	396.9	7.7	672.5	8432.9	460.06	2.61
1975	5443.5	404.1	7.4	681.6	9326.3	508.78	10.59
1976	2764.1	242.0	8.8	403.4	9608.9	524.22	3.03
Jan to June)							

Source : Director General of Employment and Training, Ministry of Labour, Government of India.

the placements have not kept pace with this. Placings in the year 1974 (397,000) and 1975 (404,000) were of the same order as in 1961 (40,4000). Placements did increase in the years 1963 to 1966 and 1972 and 1973 but in other years these fluctuated between 400,000 and 450,000. This provides the clue for the ever increasing numbers on the live register from year to year and at a much rapid pace in the recent years. Whereas the registered unemployed formed 2.38 per cent of the estimated working population in 1971, the percentage increased to 3.96 in 1976 thus indicating a worsening unemployment situation. Further, these are not mere numbers. These represent the persons, both male and female, more than half of whom have matriculation or higher qualifications, waiting to be absorbed in gainful employment.

galloping pace

Unemployment among the educated has been increasing at a galloping rate. Unemployment affecting the educated persons needs special attention because a criminal waste occurs when an educated person experiences idleness. The nation has spent its scarce investible funds on the institutions where these persons were educated and trained.

Unemployment among graduates and post-graduates as per special census enumeration, 1971, brings home clearly the wastage of the talent of these highly qualified persons. Among the graduates the maximum concentration was in the subject fields of science (24.73 per cent) and arts (23.77 per cent) followed by commerce (18.12 per cent), agriculture (14.58 per cent) and engineering 12.17 per cent. It was least in the case of veterinary and medical graduates. About eighty per cent of the enumerated graduates were seeking work (Table III.)

Among the post-graduates the maximum concentration was in the subject field of arts (16.06 per cent) followed by science (12.96 per cent). The next place was equally shared by commerce and agriculture. Engineering and technical post-graduates were unemployed to the extent of 5.07 per cent. The intensity of unemployment among veterinary and

medical post-graduates was small compared with other categories.

Figures in Table IV reveal a staggering problem of human waste resulting from the current levels of unemployment among the educated persons. There were 48,05,000 educated job seekers (matriculation and above) registered with the employment exchanges out of a total of 93,26,000 at the end of December 1975. Thus educated unemployed account for 51.5 per cent of the registered unemployed. Further the incidence of educated unemployment was severe in the case of persons with matriculation qualification followed by the undergraduates. In 1975, persons with matriculation qualification registered with employment exchanges were 26,41,000 compared with 466,000 in 1961 and 187,000 in 1955. During the twenty-year period between 1955-75 the number of unemployed with qualifications matriculation and above had gone up by fourteen times. In 1975, graduates and above registered with exchanges were 950,000 compared to 55,800 in 1961 and 26,800 in 1955. Undergraduates were 128,000 in

1975 compared to 70,80,000 in 1955. Out of the total educated unemployed registered with exchanges in 1975, more than 55 per cent were matriculates and 25.6 per cent with qualifications below graduation. Indices of unemployment of various categories i.e. matriculation, undergraduate and above in 1975 with the base of 1961 were 569.7, 1734.1677.66 respectively. Data in Table V further reveal that the number of educated job seekers on the live register had been increasing at a compound growth rate of 17.11 per cent over the period 1961 to 1975. With this rate of growth the projected figure of educated registrants on the live register is one crore for 1980.

During the past few years there has been a steep rise in unemployment among the professionals. Unemployment among the educated specially those who are trained in various occupations and professions is sheer wastage of precious skills acquired by them in temples of higher learning. The latest information (December 31, 1975, see Table V) relating to engineering shows that 17,000 engineering gradu-

TABLE III
Unemployment among Graduates and Post-graduates as per Special Census Enumeration, 1971

Subject field	Post Graduates* (including Doctors)			Graduates*		
	Seeking employment	Not seeking employment	Total unemployment	Seeking Employment	Not seeking employment	Total unemployment
Science (Other than agriculture)	10.05	2.91	12.96	19.18	5.55	24.73
Agriculture	7.25	0.70	7.95	13.32	1.26	14.58
Engineering & technical	4.62	0.45	5.07	11.51	0.66	12.17
Veterinary	1.47	0.13	1.60	6.71	0.29	7.00
Medical	2.00	0.53	2.53	5.31	1.02	6.33
Arts	10.36	5.70	16.06	15.10	8.67	23.77
Commerce	7.07	0.93	8.00	16.36	1.76	18.12

*Retired and unspecified categories have been excluded from the Census data arriving at the percentages.

Source : Technical Manpower Bulletin of the Division for Scientific and Technical Personnel, CSIR, Vol. XIV No. 4, 1972.

ere on the live register of employment changes. The figure touched its maximum of 22,700 in 1973. Compared with this, the figure was 10,700 in 1968. Similarly in the case of doctors 7,300 were looking for jobs in 1975 compared to less than 1,000 in 1968. In the case of agricultural graduates the figure increased to 9,100 in 1972 from 3,600 in 1968. In 1975 the number of such graduates looking for jobs was 8,000. There was a staggering rise in the case of science and commerce graduates. The number of science graduates on the live register was 2,38,000 in 1975 compared with a low figure of 34,700 in 1968. Similarly in case of commerce graduates, their number increased from 22,800 to 1,30,000 over the same period. Perhaps the maximum waste of human element was in the case of arts graduates. There was six-fold rise in their number over a period of just eight years, i.e. from 68,100 in 1968 to 3,72,000 in 1975. Taking all post-graduates together the figure of unemployed increased by more than four times from 18,200 to 77,200. Here also the maximum contribution was made by arts and science graduates followed by commerce and engineering.

close link required

Keeping all this in view, it is necessary to closely link the education and training facilities with the requirements of the economy. A periodical assessment of demand and supply of professionals and readjustment of training programmes of professional and technical institutions will be a right step in this direction. Further, a stage has reached where serious thought needs to be given to control the expansion of such educational facilities which merely add to the number of educated persons who cannot be gainfully absorbed in the economic system. Educated unemployed of today will become unemployables of tomorrow in case inadequate steps are taken to absorb them gainfully and utilise whatever talent they acquired in the present system of education.

It is of importance to know the average duration of unemployment among graduates and technical personnel. In other words the centre of our interest is the delay involved in getting jobs by these

qualified persons. Two studies are available in this regard. One is based on the special enumeration of 1971 Census and the other is 27th Round NSS. According to 1971 Census, out of a total of two lakh graduates and technical personnel seeking work as many as 58,000 were unemployed for 7 to 12 months, 37,000 for 13 to 24 months and 46,000 for over two years. In Table VI the average (median) duration of unemployment for persons qualified in different subjects is shown according to

sex and educational levels. Taking all subject fields together, the average duration of unemployment is higher for females than for males. Average period of waiting for a male graduate for employments is 12.9 months compared with 14.8 months for a female. An engineering graduate has to wait on an average for 11.4 months. Arts graduates have to wait much longer i.e. 16 months. Diploma holders in agriculture have a waiting period of 30.1 months. Certificate holders in medicine

TABLE IV
Number of Educated Persons on the Live Register of Employment Exchanges—1961-75

At the end of	Number on live register at the end of each year			
	Matriculates	Higher secondary (including Inter-mediates/under-graduates)	Graduates (including post-graduates)	Total
1961	463633 (100)	70811 (100)	55786 (100)	590230 (100)
1962	553618 (119.41)	90954 (128.45)	63784 (114.34)	708356 (120.01)
1963	559967 (120.78)	111269 (157.14)	67820 (121.69)	843066 (125.22)
1964	584571 (126.08)	147961 (208.95)	72326 (129.65)	804858 (136.36)
1965	580265 (125.16)	175510 (247.86)	86051 (154.26)	841533 (142.63)
1966	619480 (133.61)	204426 (288.69)	93581 (167.75)	917487 (155.45)
1967	714148 (154.03)	251744 (355.52)	121479 (217.75)	1087301 (184.23)
1968	809631 (174.63)	324519 (458.01)	175390 (314.40)	1309340 (221.84)
1969	909686 (196.21)	401326 (566.76)	215238 (385.83)	1526250 (258.59)
1970	1101194 (237.51)	443884 (626.86)	276538 (495.71)	1821616 (308.63)
1971	1296801 (279.70)	605222 (854.70)	393541 (705.45)	2295564 (388.93)
1972	1735451 (374.32)	935458 (1321.06)	603273 (1081.41)	3274182 (554.73)
1973	2074000 (447.34)	10718000 (1513.61)	755900 (1355.00)	3901600 (661.03)
1974	2278600 (491.47)	1086600 (1534.51)	809600 (1451.26)	4174700 (707.30)
1975	2641200 (569.67)	1228100 (1734.34)	935900 (1677.66)	4805200 (814.12)

Note: Figures in parentheses show index numbers.

Source: Director General of Employment and Training, Ministry of Labour, Government of India.

TABLE V
Number of Graduates and Post-graduates on the Live Register of Employment Exchanges at
the End of Each Year During the Period 1968 to 1975 Classified by Faculties

(In thousand)

Educational level	Number on live register as on December 31							
	1968	1969	1970	1971	1972	1973	1974	1975
Graduates, Total	157.2	189.5	245.1	354.5	548.4	689.0	746.1	858.7
(i) Arts	68.1	79.9	59.4	147.0	227.2	290.9	319.2	372.4
(ii) Science	34.7	46.8	68.2	99.2	160.8	210.7	215.1	237.6
(iii) Commerce	22.8	26.3	35.4	52.2	79.1	95.0	114.3	130.2
(iv) Engineering	10.7	12.8	16.2	18.6	22.5	22.7	19.1	17.0
(v) Medicine	0.9	1.5	2.4	3.8	5.1	5.7	6.7	7.3
(vi) Veterinary	@	0.2	0.4	0.4	0.2	0.4	0.3	0.5
(vii) Agriculture	3.6	5.1	6.6	7.3	9.1	8.9	7.4	8.0
(viii) Law	0.9	0.9	1.4	1.6	2.6	2.5	2.1	2.6
(ix) Education	11.9	15.1	17.7	22.7	36.0	44.6	56.6	74.0
(x) Others	3.7	1.0	1.4	1.6	5.8	7.7	5.4	9.1
Post-Graduates, total	18.2	25.7	31.5	39.1	54.9	66.9	63.5	77.2
(i) Arts	10.1	12.1	15.1	18.8	27.7	34.3	34.8	44.6
(ii) Science	3.2	5.3	7.6	10.1	13.6	16.0	17.6	19.4
(iii) Commerce	1.4	2.1	2.4	2.9	4.1	5.1	5.4	6.6
(iv) Engineering	0.4	0.3	0.3	0.4	0.3	0.4	0.3	0.3
(v) Medicine	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.4
(vi) Veterinary	@	*	*	*	*	*	0.1	*
(vii) Agriculture	0.4	0.5	0.5	0.7	0.8	1.0	0.7	0.9
(viii) Law	0.1	0.2	0.1	0.2	0.2	0.1	0.2	0.1
(ix) Education	1.8	4.6	3.8	4.7	6.0	8.3	2.3	2.7
(x) Others	0.6	0.6	1.6	1.1	2.0	1.4	1.9	2.1
Total	175.4	215.2	276.5	393.5	603.3	755.9	809.5	935.9

*Figures less than 50. @ Separate information in respect of veterinary graduates and post-graduates not collected.

Source : Director General of Employment and Training, Ministry of Labour, Government of India

TABLE VI
Average (Median) Duration of Unemployment Among Graduate Technical Personnel by Sex,
Subject Fields and Levels of Education (1971 Census Special Enumeration)

(Months)

Level of education	Arts/ Humanities		Commerce		Agriculture		Vety. Sc/ medicine		Science		Engineer- ing & technology		Medicine all systems of medicine		Nursing		Others		Total
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M
All Levels of education	16.1	16.4	12.7	11.6	12.1	15.7	12.9	19.0	11.9	22.4	17.8	13.8	10.5	8.9	24.0	18.0	15.9	15.3	12.9
Doctorate	17.3	21.4	—	—	11.0	—	—	—	10.6	16.0	5.5	—	11.0	10.0	—	—	15.2	7.9	12.0
Master/Postgraduate	16.7	17.9	12.9	12.4	10.9	10.0	11.0	—	11.7	13.9	10.0	12.0	9.7	7.0	—	—	11.1	13.3	13.1
Bachelor/equivalent	16.0	16.1	12.7	11.5	12.9	22.3	16.5	16.0	11.0	12.2	11.4	11.1	9.7	10.8	—	16.4	13.1	14.3	12.7
Diploma	13.4	15.5	17.5	12.0	26.9	—	20.2	—	16.2	19.0	16.3	16.3	22.1	21.0	25.2	18.0	15.5	15.5	16.7
Certificate	16.0	25.3	11.5	—	30.1	—	—	—	16.6	12.0	19.4	21.0	26.9	24.0	—	—	16.7	16.3	20.8

M=Male, F=Female. (—) denotes Nil

Source: Report of the Committee on Unemployment, Ministry of Labour & Rehabilitation, Government of India, 1973, p. 12

ive to wait 26.9 months. Even for persons with a doctorate degree, the average duration of unemployment was 12 months for males and 15 months for females.⁸

In the 27th Round NSS an attempt was made to collect information regarding the duration of the endeavour made by the unemployed for getting employment. Analysis of the data revealed that in the rural areas of a large number of states percentage of unemployed persons making some tangible effort to get employment for about one year or less was much above 50 per cent whereas, in some of the states the number of persons seeking employment with duration more than one year was about 60 per cent or more. On the all-India level the distribution of persons seeking and available for employment according to duration in rural areas was 3.93 per cent for one year or less and 6.07 per cent for more than one year. In the urban areas these percentages were 4.47 per cent for one year or less and 5.53 per cent for more than one year.⁹

III

causal factors

The main determinant of the labour force from quantitative angle is population. Spread of education affects its qualitative aspect. The persons who will enter the labour force in the next 15 years are already born. Even then the analysis of the population trends in the past and projections for the future are of great significance. The population of India increased from 360.9 million in 1951 to 439.2 million in 1961 and 547.4 million in 1971, showing an increase of 21.6 per cent in the 1951-61 decade and 24.6 per cent in the 1961-71 decade. Since independence 250 million more persons have been added to our population which is equivalent to the entire population of the Soviet Union. Population estimates¹⁰ for the years 1971 through 1981 show a rise of 2.35 per cent per year between 1971 and 1976 with a declining trend reaching the figure of 2.30 per cent per year by 1981. We are likely to be 700 million by 1981. Increase in our population per year now equals the population of Australia. By the end of this century

we are likely to touch one billion¹¹ mark at the present rate of growth.

While we already have a very heavy backlog of unemployment, the position is worsening because of the ever-swelling labour force and demand for labour.

Data in Table VII reveal that we will have 273.5 million persons in the labour force by 1981 as compared with only 214.6 in 1971. In other words the fresh entrants to the labour force in the 1971-81 decade will be 59 million. Compared with this, the number of fresh entrants to labour

force in the 1961-71 decade was just 39 million persons.¹² This comparison is a pointer to a situation of labour force explosion that our economy may witness in the coming years. Can we hope to generate enough work/jobs to provide gainful employment opportunities to the 59 million persons over the decade of 1971-81 and also to 18.7 million persons already in the backlog of unemployment as estimated by the Bhagwati Committee for the year 1971? This means the country is faced with an uphill task of gainfully absorbing about 78 million persons in the economic system by

TABLE VII

Projected Labour Force (15 years and above) for 1971, 1976 and 1981 based on the Participation Rates Estimated by the Expert Committee set up by the Planning Commission (Millions)

Area	Sex	1971	1976	1981
Rural	Males	119.66	135.18	149.49
	Females	59.85	66.79	74.02
	Persons	179.51	201.97	223.51
Urban	Males	29.16	32.79	40.24
	Females	5.97	7.64	9.75
	Persons	35.13	40.43	49.99
All areas	Males	148.81	167.97	189.74
	Females	55.83	74.42	83.76
	Persons	214.64	242.39	273.50

Source: Report of the Committee on Unemployment, Ministry of Labour and Rehabilitation, Government of India, May 1973, p-151.

TABLE VIII

Education : Progress of Enrolment

(Enrolment in millions)

	Primary level classes		Middle level classes		Secondary level classes		University classes	
	Enrolment	Index No.	Enrolment	Index No.	Enrolment	Index No.	Enrolment	Index No.
1950-51	19.2	100	3.1	100	1.2	100	0.3	100
1965-66	50.5	263.02	10.5	338.71	5.3	461.67	1.2	400.00
1968-69	54.4	283.33	12.1	390.32	6.8	566.67	1.7	566.57
1973-74	63.2	329.17	14.7	474.19	7.5	625.00	3.0	1066.67
1974-75	63.8	332.29	15.2	490.32	8.3	691.67	2.9	966.67
1978-79 (Target)	78.2	407.29	21.6	696.77	11.2	933.33	4.7	1566.67

Source: Record and Statistics, April-June, 1976, p-246.

1981. Five years have already passed. During these five years the job seekers on the live register of employment exchanges have increased from 51,00,000 (1971) to 95,00,000 (1976), showing a rise of 88.23 per cent. During this very period the economy progressed at the rate of 4.7 per cent in 1970-71, 1.5 per cent in 1971-72, with negative growth rate of 0.5 per cent in 1972-73, 3.1 per cent in 1973-74, and 0.2 per cent in 1974-75.¹³ Keeping in view the past performance of the economy a phenomenon of rising unemployment is precariously threatening our economy. Commenting on such a situation the committee on unemployment concluded that the increase in the labour force has been proceeding much faster than the growth of employment arising from economic development and unemployment and underemployment has become more acute, particularly in the backward areas and among the poorer sections of the community.

emphasis on education

Planners placed emphasis on education as an integral part of the process of economic transformation. Thirty years of independence have seen many achievements in the field of education. Quantitatively speaking, we had 19.2 million children in the primary schools in 1950-51. This figure increased to 50.5 million in 1965-66 and 63.8 million in 1974-75, with a target of 78.2 million for 1978-79. Similarly in middle level classes the enrolment increased from 3.1 million in 1950-51 to 10.5 million in 1965-66 and further to 15.2 million in 1974-75 with a target of 21.6 million for 1978-79. The figures for secondary level show an increase of about eight times from 1.2 million in 1950-51 to 8.3 million in 1974-75 envisaging to increase it to 11.2 million in 1978-79. At the university level the enrolment is likely to increase to 47,00,000 in 1978-79 from just 3,00,000 in 1950-51.

This phenomenal increase in the number of students at various levels has created a severe unemployment situation among the educated particularly as the greater part of our educated receive a liberal education, whereas the demand for their services shows little inclination to rise rapidly.

The above review clearly shows that we face the phenomenon of rapidly growing educated labour force and a slow rate of

growth in the demand for them. Every effort should therefore be made to create gainful openings for the backlog of nearly five million educated unemployed and the current entrants to the educated labour force. At the same time the educational system will have to be reoriented to suit the needs of the economy. The first step in tackling the problem of educated unemployed is the matching of the output of the general, educational and technical training institutions with the manpower needs and employment opportunities expected to be generated through the development process. The reorganisation of the educational system to synchronise the availability of trained hands and potential job opportunities should form an integral part of the employment creation programme and planned development strategy for the coming years. Basically, however, the economy needs to generate enough opportunities to provide additional six to seven million entrants with work/job.

Meanwhile, proper manpower planning could help to some extent. Such planning as there is remains confined to a few specialised categories such as engineers, doctors, teachers, scientists and agricultural graduates. Keeping in view the severity of unemployment in various sections of the population, it has become imperative to devote time and effort for devising strategies and evolving policy instruments for the utilisation of available manpower. Manpower budgeting would go a long way in identifying the problem

areas, chalking out feasible solutions successfully carrying out the policies and evaluating results for guidance in the coming years. This exercise, however, will be productive only in terms of a development policy for mobilising all our resources for creating work/job opportunities for the existing and anticipated additions to the labour force.

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Manager

Summit talks result in consensus on economic issues

Leaders of the seven major industrialised countries—the United States, Japan, West Germany, France, Britain, Canada and Italy (listed here in order of GNP)—among who were presidents, prime ministers, Finance ministers and foreign ministers, met at an economic summit conference in London, earlier this month. They discussed the world economy in its various aspects such as inflation rates, unemployment levels, growth prospects, balance of payments deficits and how to finance them, trade imbalances and how to correct them through GATT negotiations or otherwise, energy conservation, and nuclear energy and nuclear-weapon proliferation and also issues of North-South economic relations such as development aid and the stabilisation of the export earnings of developing countries.

THE OFFICIAL communique issued on May 8, at the conclusion of the economic summit talks, affirmed the determination of the participants to do all in their power to achieve a successful conclusion of the Conference on International Economic Co-operation (CIEC); to give a new impetus to the current Tokyo round of multilateral trade negotiations; and to increase nuclear energy while restricting

aid and real resources to the Third World he said they were “matters for negotiation”.

Referring to COMECON (Council for Mutual Economic Assistance) policies, Mr Callaghan said the seven countries did not wish to see competition in the supply of arms, nor one group of countries devoting its “so-called aid to the supply of arms.” The seven wished to see aid

tional financial resources devoted to dealing with the problem of balance-of-payments deficits. In this connection, the seven “strongly endorsed” the recent decision of the International Monetary Fund’s interim committee to seek additional resources and to link its lending to the adoption of appropriate stabilisation policies.

Another goal emphasised by the seven is the expansion of opportunities for world trade by giving a new impetus to the multilateral trade negotiations and trying to achieve substantial progress in them during the rest of 1977. Mr Callaghan said, “We wish to avoid protectionism as an issue for our countries. We do not believe that this is the right way to solve our problems and indeed general protectionism would make the situation of the world worse.”

irregular practices

In their communique, the seven leaders said additionally that they welcomed action to reduce “counter-productive competition in officially-supported export credits” and asserted that “irregular practices and improper conduct” such as illicit payments should be eliminated from international trade, banking and commerce.

Mr Callaghan said that the seven had agreed to work together on energy conservation and to reduce dependence on oil. They had also agreed to launch an urgent study on how to reconcile the world’s need for nuclear energy with protection against the risks that might flow from its use. The study would take about two months, and then “we should be ready to proceed from there.” Mr Callaghan said that the seven applauded president Carter’s objectives, but the different countries had different opportunities in this field.

On the human rights issue, Mr Callaghan said: “There was agreement between us on the significance and impor-

WINDOW ON THE WORLD

the risk of nuclear-weapon proliferation.

Speaking as chairman of the meeting to which the UK government played host, the British prime minister, Mr James Callaghan, told the press that there had been agreement in principle on the problem of a common fund for individual buffer-stock agreements, and that the participating governments were “very sympathetic to the idea of seeing how we can ensure a greater stabilisation of export earnings for the developing countries”. Of these and other proposals for increasing the flow of

channelled in the direction which would be of most value to the developing countries.

Mr Callaghan also outlined six other “objectives” to which the seven leaders had committed themselves in the two-day conference which were mentioned in a declaration issued afterwards. These included: creation of more jobs, with special emphasis on employment for young people, while continuing to reduce inflation; drawing up of growth targets and seeing to it that they were kept to by appropriate action if necessary; and addi-

tance, and indeed the morality and justice, of the stand that was taken by the new president of the United States when he assumed office. We agreed with what he had done, and we all intend to work in our own ways to ensure that human rights are protected and advanced as much as possible. We shall approach the Belgrade conference in that spirit, not in an attempt to score debating points but in an attempt to improve the lot of people whose rights, perhaps, are not as fulfilled as they should be."

Following is the text of the communiqué:

"In two days of intensive discussion at Downing Street, we have agreed on how we can best help to promote the well-being both of our own countries and of others.

"The world economy has to be seen as a whole; it involves not only cooperation among national governments but also strengthening appropriate international organisations. We were reinforced in our awareness of the interrelationship of all the issues before us, as well as our own interdependence. We are determined to respond collectively to the challenges of the future.

"Our most urgent task is to create more jobs while continuing to reduce inflation. Inflation does not reduce unemployment. On the contrary, it is one of its major causes. We are particularly concerned about the problem of unemployment among young people. We have agreed that there will be an exchange of experience and ideas on providing the young with job opportunities.

sustained growth

"We commit our governments to stated economic growth targets or to stabilisation policies which, taken as a whole, should provide a basis for sustained non-inflationary growth, in our own countries and worldwide and for reduction of imbalances in international payments.

"Improved financing facilities are needed. The International Monetary Fund must play a prominent role. We commit ourselves to seek additional resources for the IMF and support the linkage of its lending practices to the adoption of appropriate stabilisation policies.

"We will provide strong political leader-

ship to expand opportunities for trade to strengthen the open international trading system, which will increase job opportunities. We reject protectionism. It would foster unemployment, increase inflation and undermine the welfare of our peoples. We will give a new impetus to the Tokyo round of multilateral trade negotiations. Our objective is to make substantive progress in key areas in 1977. In this field, structural changes in the world economy must be taken into consideration.

"We will further conserve energy and increase and diversify energy production, so that we reduce our dependence on oil. We agree on the need to increase nuclear energy to help meet the world's energy requirements. We commit ourselves to do this while reducing the risks of nuclear proliferation. We are launching an urgent study to determine how best to fulfil these purposes.

constructive dialogue

"The world economy can only grow on a sustained and equitable basis if developing countries share in that growth. We are agreed to do all in our power to achieve a successful conclusion of the CIEC (Conference on International Economic Cooperation) and we commit ourselves to a continued constructive dialogue with developing countries. We aim to increase the flow of aid and other real resources to those countries; we invite the COMECON (Council for Mutual Economic Assistance) countries to do the same. We support multilateral institutions such as the World Bank, whose general resources should be increased sufficiently to permit its lending to rise in real terms. We stress the importance of secure private investments to foster world economic progress.

"To carry out these tasks we need the assistance and cooperation of others. We will seek that cooperation in appropriate international institutions, such as the United Nations, the World Bank, the IMF, the GATT and OECD. Those among us whose countries are members of the European Economic Community intend to make their efforts within its framework.

"In our discussions we have reached substantial agreement. Our firm purpose

is now to put that agreement into action. We shall review progress on all the measures we have discussed here at Downing Street in order to maintain the momentum of recovery.

faith in future

"The message of the Downing Street summit is thus one of confidence in the continuing strength of our societies and the proven democratic principles that give them vitality—that we are undertaking the measures needed to overcome problems and achieve a more prosperous future."

Following is the Appendix to the declaration:

Since 1975 the world economic situation has been improving gradually. Serious problems, however, still persist in all our countries. Our most urgent task is to create jobs while continuing to reduce inflation. Inflation is not a remedy for unemployment but one of its major causes. Progress in the fight against inflation has been uneven. The needs for adjustment between surplus and deficit countries remain large. The world has not yet fully adjusted to the depressive effects of the 1974 oil price rise.

We commit our governments to targets for growth and stabilisation which vary from country to country but which, taken as a whole, should provide a basis for sustained non-inflationary growth worldwide.

Some of our countries have adopted reasonably expansionist growth targets for 1977. The governments of these countries will keep their policies under review, and commit themselves to adopt further policies, if needed, to achieve their stated target rates and to contribute to the adjustment of payments imbalances. Others are pursuing stabilisation policies designed to provide a basis for sustained growth without increasing inflationary expectations. The governments of these countries will continue to pursue those goals.

These two sets of policies are interrelated. Those of the first group of countries should help to create an environment conducive to expansion in the others without adding to inflation. Only if growth rates can be maintained in the first group are

increased in the second, and inflation tackled successfully in both, can unemployment be reduced.

We are particularly concerned about the problem of unemployment among young people. Therefore we shall promote the training of young people in order to build a skilled and flexible labour force so that they can be ready to take advantage of the upturn in economic activity as it develops. All of our governments, individually or collectively, are taking appropriate measures to this end. We must learn as much as possible from each other and agree to exchange experience and ideas.

Success in managing our domestic economies will not only strengthen world economic growth but also contribute to success in four other main economic fields to which we now turn—balance-of-payments financing, trade, energy, and north-south relations. Progress in these fields will in turn contribute to world economic recovery.

For some years to come, oil-importing nations, as a group, will be facing substantial payments deficits and importing capital from OPEC nations to finance them. The deficit for the current year could run as high as \$45 billion. Only through a reduction in our dependence on imported oil and a rise in the capacity of oil-producing nations to import can that deficit be reduced.

strategies of adjustment

This deficit needs to be distributed among the oil-consuming nations in a pattern compatible with their ability to attract capital on a continuing basis. The need for adjustment to this pattern remains large, and it will take much international cooperation and determined action by surplus as well as deficit countries if continuing progress is to be made. Strategies of adjustment in the deficit countries must include emphasis on elimination of domestic sources of inflation and improvement in international cost-price relationships. It is important that industrial countries in relatively strong payments positions should ensure continued adequate expansion of domestic demand within prudent limits. Moreover, these countries, as well as other countries in strong pay-

ments positions, should promote increased flows of long-term capital exports.

The International Monetary Fund must play a prominent role in balance-of-payments financing and adjustment. We therefore strongly endorse the recent agreement of the interim committee of the IMF to seek additional resources for that organisation and to link IMF lending to the adoption of appropriate stabilisation policies. These added resources will strengthen the ability of the IMF to encourage and assist member-countries in adopting policies which will limit payments deficits and warrant their financing through the private markets. These resources should be used with the conditionality and flexibility required to encourage an appropriate pace of adjustment.

monetary stability

This IMF proposal should facilitate the maintenance of reasonable levels of economic activity and reduce the danger of resort to trade and payments restrictions. It demonstrates cooperation between oil-exporting nations, industrial nations in stronger financial positions, and the IMF. It will contribute materially to the health and progress of the world economy. In pursuance of this objective we also reaffirm our intention to strive to increase monetary stability.

We agreed that the international monetary and financial system, in its new and agreed legal framework, should be strengthened by the early implementation of the increase in quotas. We will work towards an early agreement within the IMF on another increase in the quotas of that organisation.

We are committed to providing strong political leadership for the global effort to expand opportunities for trade and to strengthen the open international trading system. Achievement of these goals is central to world economic prosperity and the effective resolution of economic problems faced by both developed and developing countries throughout the world.

Policies on protectionism foster unemployment, increase inflation and undermine the welfare of our peoples. We are therefore agreed on the need to maintain our political commitment to an open and non-dis-

criminatory world trading system. We will seek both nationally and through the appropriate international institutions to promote solutions that create new jobs and consumer benefits through expanded trade and to avoid approaches which restrict trade.

Tokyo round

The Tokyo round of multilateral trade negotiations must be pursued vigorously. The continuing economic difficulties make it even more essential to achieve the objectives of the Tokyo declaration and to negotiate a comprehensive set of agreements to the maximum benefit of all. Toward this end, we will seek this year to achieve substantive progress in such key areas as:

(1) A tariff reduction plan of broadest possible application designed to achieve a substantial cut and harmonisation and in certain cases the elimination of tariffs;

2) Codes, agreements and other measures that will facilitate a significant reduction of non-tariff barriers to trade and the avoidance of new barriers in the future and that will take into account the structural changes which have taken place in the world economy;

3) A mutually acceptable approach to agriculture that will achieve increased expansion and stabilisation of trade and greater assurance of world food supplies.

Such progress should not remove the right of individual countries under existing international agreements to avoid significant market disruption.

While seeking to conclude comprehensive and balanced agreements on the basis of reciprocity among all industrial countries, we are determined, in accordance with the aims of the Tokyo declaration, to ensure that the agreements provide special benefits to developing countries.

We welcome the action taken by governments to reduce counter-productive competition in officially-supported export credits and propose that substantial further efforts be made this year to improve and extend the present consensus in this area.

We consider that irregular practices

and improper conduct should be eliminated from international trade, banking and commerce, and we welcome the work being done toward international agreements prohibiting illicit payments.

We welcome the measures taken by a number of governments to increase energy conservation. The increase in demand for energy and oil imports continues at a rate which places excessive pressure on the world's depleting hydrocarbon resources. We agree therefore on the need to do everything possible to strengthen our efforts still further.

We are committed to national and joint efforts to limit energy demand and to increase and diversify supplies. There will need to be greater exchanges of technology and joint research and development aimed at more efficient energy use, improved recovery and use of coal and other conventional resources, and the development of new energy sources.

international fuel cycle

Increasing reliance will have to be placed on nuclear energy to satisfy growing energy requirements and to help diversify sources of energy. This should be done with the utmost precaution with respect to the generation and dissemination of material that can be used for nuclear weapons. Our objective is to meet the world's energy needs and to make peaceful use of nuclear energy widely available, while avoiding the danger of the spread of nuclear weapons. We are also agreed that, in order to be effective, non-proliferation policies should, as far as possible, be acceptable to both industrialised and developing countries alike. To this end we are undertaking a preliminary analysis, to be completed within two months, of the best means of advancing these objectives, including the study of terms of reference for international fuel cycle evaluation.

The oil-importing developing countries have special problems both in securing and in paying for the energy supplies needed to sustain their economic development programmes. They require additional help in expanding their domestic energy production, and to this end we hope the World Bank, as its resources grow will

give special emphasis to projects that serve this purpose.

We intend to do our utmost to ensure, during this transitional period, that the energy market functions harmoniously, in particular through strict conservation measures and the development of all our energy resources. We hope very much that the oil-producing countries will take these efforts into account and will make their contribution as well.

We believe that these activities are essential to enable all countries to have continuing energy supplies now and for the future at reasonable prices consistent with sustained non-inflationary economic growth; and we intend through all useful channels to concert our policies in continued consultation and cooperation with each other and with other countries.

The world economy can only grow on a sustained and equitable basis if developing countries share in that growth. Progress has been made. The industrial countries have maintained an open market system despite a deep recession. They have increased aid flows, especially to poorer nations. Some \$8 billion will be available from the IDA (International Development Association) for these

nations over the next three years, as we join others in fulfilling pledges to its fifth replenishment. The IMF has made available to developing countries, under its compensatory financing facility, nearly an additional \$2 billion last year. An international fund for agricultural development has been created, based on common efforts by the developed OPEC and other developing nations.

The progress and the spirit of cooperation that have emerged can serve as an excellent base for further steps. The next step will be the successful conclusion of the Conference on International Economic Cooperation and we agreed to do all in our power to achieve this.

We shall work:

1) To increase the flow of aid and other real resources from the industrial to developing countries' particularly to the 800 million people who now live in absolute poverty; and to improve the effectiveness of aid;

2) To facilitate developing countries' access to sources of international finance;

3) To support such multilateral lending institutions as the World Bank, whose lending capacity we believe will have to be increased in the years ahead to permit

Eastern Economist 30 Years Ago

May 23, 1947

During the war certain elements in the society amassed vast fortunes by means of blackmarketing and other unscrupulous devices taking full advantage of the prevailing conditions of acute scarcity, inflation and widespread corruption and inefficiency on the part of the administration. The public has strong reason to believe from the multiplicity of transfers of property and business that tax evasion has been practised on an extensive scale. How far an attempt at this late stage after considerable lapse of time to unravel the tangle of transfers with a view to chasing tax-dodgers will be successful is problematic. But Government's determination to re-open assessment proceedings in case of detected evasion after the end of 1938 is in accord with the popular feeling. It follows as a corollary to this provi-

sion that the Central Government will refer to the Commission only such cases as relate to any period after 1938. The original Bill contained no such provision with the result that past transactions extending over any period could have been raked up through a vindictive abuse of power. There is another salutary modification in the Bill as ultimately passed which goes to prove Government's earnest in this behalf. It has been laid down that all the cases which the Government contemplates for reference shall be referred to the Commission before December 31, 1947. The threat of investigation proceeding will not be kept dangling for any indefinite period of time. The consequences and abuses of such a threat are too well known to need elaboration.

leading to increase in real terms and
de in scope;

4) To promote the secure investment
needed to foster world economic develop-
ment;

5) To secure productive results from
negotiations about the stabilisation of
commodity prices and the creation of a
common fund for individual buffer-stock
agreements and to consider problems of
the stabilisation of export earnings of
developing countries; and

6) To continue to improve access in a
non-disruptive way to the markets of
industrial countries for the products of
developing nations.

It is desirable that these actions by
developed and developing countries be
assessed and concerted in relation to
each other and to the larger goals that
our countries share. We hope that the
World Bank, together with the IMF, will
consult with other developed and develop-

ing countries in exploring how this
could best be done.

The well-being of the developed and
developing nations is bound up together.
The developing countries' growing
prosperity benefits industrial countries,
as the latter's growth benefits developing
nations. Both developed and developing
nations have a mutual interest in main-
taining a climate conducive to stable
growth worldwide.

German Democratic Republic : advances in mechanical engineering

*While planning the growth rates in the German Democratic Republic
due consideration was given to the fact that mechanical engineering
provides the basis for extending and modernising the national economy.
The multilateral agreements providing for specialisation in manufacture
has influenced the process of concentration of this industry in GDR.*

THE MECHANICAL engineering and vehicle
construction industries take an impor-
tant place in the national economy of the
German Democratic Republic (GDR). In
1975 its share in the total industrial pro-
duction of GDR was 24.1 per cent. It
developed more rapidly than the industry
of GDR as a whole. While from 1960 to
1975 industrial production grew by 147
per cent, the output of the mechanical
engineering and vehicle construction in-
dustries increased by 166 per cent.

This dynamic growth is reflected, once
again, in the Act on the 1976-80 five
year plan for developing the national
economy.

The enterprises and combined works of
the heavy engineering and plant con-
struction industries are expected to increase
their production by nearly 40 per cent,
those of the machine tool and processing
machinery construction industries by 56
per cent and those of the general machi-
nery, agricultural machinery and vehicle
construction industries by 42 per cent.

During the same period, the production
of metal-cutting machine tools is expected
to rise by 68 per cent, that of cold-work-
ing machine tools by 61.5 per cent and
that of plastics making and processing
machines by more than 73 per cent.

For construction equipment the growth
rate is expected to be more than 34 per
cent, for machines and equipment of the
textile, clothing and leather industries 47.5
per cent and for the printing industry
more than 56 per cent. An increase of
36 per cent is planned for the construction
of cement plants, an increase of nearly 49
per cent for foundry plant and an increase
of about 86 per cent for machines and
equipment of the foodstuffs industry.

When these growth rates were planned,
due consideration was given to the fact
that mechanical engineering provides the
basis for extending and modernising the
national economy of GDR, that it pro-
duces large quantities of consumer durab-
les for increasing the standard of living of
the people and that it is one of the major
export branches of the German Demo-
cratic Republic. On the whole, machines
plant and mechanical handling equip-
ment accounted for 50.7 per cent of GDR
exports in 1975.

International specialisation and co-
operation as laid down in the complex
programme of Socialist Economic Integ-
ration effects to an ever greater extent the
trade in machines and equipment between
GDR and the other member countries of
the Council for Mutual Economic Assis-

tance (CMEA). For example, it is provided
in respective contracts to extend bilateral
and multilateral economic and scientific-
technical cooperation continuously and to
enhance technological progress by effec-
tive cooperation in research and
production,

The German Democratic Republic is an
active member of the CMEA Standing
Commission for Mechanical Engineering.
The more than 50 multilateral agreements
concluded between 1971 and 1975 provid-
ing for specialisation in the manufacture of
about 5,000 products made by the mechani-
cal engineering industry, essentially influ-
enced the process of concentration of this
industry in GDR, its effectiveness for the
national economy and the development of
specialised production. Thus it became
possible for GDR to switch-over to the
production of large series of passenger
coaches, refrigerator wagons, certain types
of ships, selected agricultural machines,
machine tools and other products. Besides
meeting indigenous needs, these products
are made especially for export to the
Soviet Union and other socialist
countries and also to developing and
developed industrial countries.

The more than 3,000 centreless external
cylindrical grinding machines from the
GDR, being operated by well-known
customers of leading industrial countries
in the antifriction bearing industry and in
vehicle construction testify to the high
performance of the GDR machine tool
industry.

SUMMARY OF DIRECTORS' REPORT FOR 1976

The Board of Directors have pleasure in presenting the audited Balance Sheet and Profit and Loss Account for the year ended 31st December 1976.

Indian Bank's performance in 1976: The Bank continued to maintain its forward thrust for the sixth year in succession under all major heads. Deposits and other accounts in India and abroad rose from Rs. 358.23 crores at end 1975 to Rs. 473.69 crores at end 1976 and advances from Rs. 243.81 crores to Rs. 344.66 crores. Deposits in India excluding deposits from banks rose from Rs. 349.36 crores to Rs. 455.74 crores, 30.45%. Average deposits per branch rose from Rs. 60.44 lakhs to Rs. 69.05 lakhs. Bank credit in India, excluding due from banks, rose from Rs. 235.69 crores to Rs. 334.75 crores, 42.13% and average bank credit per branch from Rs. 40.78 lakhs to Rs. 50.71 lakhs. Of the Rs. 99.06 crores bank credit increase, Rs. 36.50 crores went for public food procurement credit, Rs. 20.55 crores for advances to the priority sectors excluding the export sector and Rs. 19.65 crores to the core sectors and mass consumption goods industries. Total income rose to Rs. 44.12 crores and the net profit after tax to Rs. 2.29 crores (Rs. 1.24 crores for 1975). Rs. 1.68 crores has been transferred to the Reserve Fund. Complete provision has been made for the actuarially assessed staff gratuity liabilities accrued upto 1976 end. The paid up capital which stood at Rs. 89 lakhs at the time of nationalisation was raised to Rs. 2 crores in 1972 by transferring Rs. 1.11 crores from the Reserve Fund. In 1976, the paid up capital was further increased to Rs. 3 crores by transferring Rs. 1 crore from the Reserve Fund. With the transfer of Rs. 1.68 crores from 1976 profits, the reserves have gone up to Rs. 2.16 crores and the total of paid up

capital and reserves to Rs. 5.16 crores against Rs. 3.48 crores at end 1975.

The Bank's progress in the three years 1973-76:

In the three year period 1973-76 end, the Bank's aggregate deposits in India (excluding deposits from banks) more than doubled from Rs. 207.17 crores to Rs. 455.74 crores, 119.98% rise. Bank credit in India expanded faster from Rs. 145.58 crores to Rs. 334.75 crores, 130.11% rise. Advances to priority sectors (excluding export sector) rose from Rs. 44.48 crores to Rs. 83.56 crores between 1973-76 end, 87.86% rise. The aggregate of public food procurement credit and priority sector credit expanded in the three years from Rs. 44.48 crores to Rs. 138.06 crores. Total income nearly trebled to Rs. 44.12 crores, and the net profit after tax more than trebled, from Rs. 0.69 crores for 1973 to Rs. 2.29 crores for 1976. Hereunder a table of comparative position under major heads:

to 23,706 between 1975-76 end, limits sanctioned from Rs. 44.56 crores to Rs. 57.86 crores, and advances outstanding from Rs. 25.93 crores to Rs. 32.31 crores. Lending accounts to smaller units comprising mostly of craftsmen and technicians increased from 6,775 to 16,217 during the year. Under the special schemes of pre-project and project assistance to new entrepreneurs evolved with the participation of the Indian Institute of Technology, 40 qualified technocrats were helped to set up their own projects with credit facilities to an aggregate extent of Rs. 1.03 crores, with very little or practically no capital participation by the entrepreneurs themselves. Credit to agriculture rose from Rs. 28.52 crores to Rs. 35.49 crores and the number of lending accounts increased from 1,59,394 to 2,16,588. Of these, the number of lending accounts to small farmers holding less than 5 acres accounted for 1,91,474 (88.41%) and the

(Amounts in Crores of Rupees)

	As of 18 July 1969	1973	As of 31 December 1975	1976	% Increase 1976 over 18 July 1969		
Deposits in India	80.19	207.17	349.36	455.74	30	120	468
Bank credit in India	59.67	145.58	235.69	334.75	42	130	461
Priority sector credit excluding exports	13.50	44.48	63.01	83.56	33	88	519
Public food procurement credit	Nil	Nil	18.00	54.50	203	—	—
Total income	6.91*	17.62	32.91	44.12	34	150	538
Total expenditure	6.82*	16.93	31.67	41.83	32	147	513
Profit after tax	0.09*	0.69	1.24	2.29	85	232	2444
Transfer to Reserve Fund	0.01*	0.14	0.80	1.68	110	1100	16700

* for the year 1969

Employment oriented credit:

The range and variety of credit under priority sectors and to the weaker sections continued to widen, a number of new schemes were evolved to meet the specific needs of groups of self-employed. Number of lending accounts to small scale industrial units increased from 12,381

amount of credit granted to these small farmers accounted for 64.32% of direct finance to agricultural sector. The Bank continued to transfer resources to the rural areas in support of higher economic activity. The credit deposit ratio at the Bank's rural branches stood at 116.77% as against 74.26% for all branches.

Lead Bank Scheme, Second Phase: Under the second phase of the Lead Bank Scheme a team of the Bank's officers conducted a detailed survey of the geographical characteristics, infrastructure facilities, occupational patterns, economic potential and credit needs of the Union Territory of Pondicherry and drew up an action plan envisaging aggregate additional credit deployment of the order of Rs. 41.23 crores over a period of the five years 1977-78 to 1981-82 under the primary, secondary and tertiary sectors. The projected additional credit flow is expected to generate additional production of goods and services of the order of Rs. 8 crores per annum at the end of the fifth year.

Branch Expansion: The Bank opened 82 branches in India during 1976 taking the total to 660. Branch net work has increased to 34 in West Bengal, 33 in Maharashtra, 21 in Orissa, 20 in Gujarat, 18 in Uttar Pradesh, 13 each in Punjab and Delhi, 10 in Haryana, 8 each in Assam and Bihar, 7 in Madhya Pradesh, 5 in Rajasthan, and 1 each in Chandigarh, Goa, Himachal Pradesh and Meghalaya. In Tamil Nadu, Andhra Pradesh, Karnataka, Kerala and Pondicherry branch network rose to 283, 88, 42, 45 and 8 respectively. During 1976 the Bank opened branches in 8 unbanked blocks in its lead districts and licences have been applied for the remaining 10 unbanked blocks and, by the year end, there will be no unbanked blocks in any of its lead districts. In fact licences were applied for to open branches in 42 more unbanked blocks outside lead districts, mostly in North India. During 1976 we opened 14 more extension counters, two in Air Force station headquarters in Jorhat and Ambala, one at the Orissa Khadi and Village

Indian Bank

(Wholly owned by
the Govt. of India)
HO: 17 North Beach Road
Madras 600 001

industries Board, Hubaneswar, one at the Ordnance Factory in Irurumbur, one at the Ampetee Collieries in Agpur, others in educational and cultural institutions, hospitals, high courts and housing colonies.

Recruitment of candidates belonging to Scheduled Castes and Scheduled Tribes: The Bank continued to take special efforts for recruiting a larger number of scheduled castes/scheduled tribes candidates. Of 354 recruits in the subordinate cadre, 1,545 in clerical cadre and 5 in officers cadre, taken during the year 1976, 127, 88 and 10 respectively were from the scheduled castes/scheduled tribes. Between 1972-1976 end, the percentage of scheduled castes/scheduled tribes staff in the subordinate cadre to the total staff in the Bank rose from 7.25% to 25.44%; clerical cadre staff from 12.22% to 13.51%; and officer staff from 0.69% to 1.80%.

Adoption of Hindi: The Bank appointed Hindi Adhikaris for in-service training of the Bank's staff for various Hindi examinations, Prabodh, Praveen and Ragya conducted by the Ministry of Home Affairs. Candidates passing the examinations are granted lumpsum cash incentives. Hindi has been included as a subject in the curriculum of various programmes conducted by our Staff Training College and till now 107 Officers and 371 clerical cadre staff have been given training in Hindi. Steps are being taken to bilingualise internal work in branches in the Hindi speaking areas.

Training of personnel: The Bank continued to assign the highest priority for the training of Bank's personnel at all levels to upgrade their technical, conceptual and personal skills. Increasing attention was paid to enlarge the input of behavioural science in

most of the courses with a view to foster effective communication, effective listening, building trusting relationship, personnel management, etc. Emphasis was laid in the various training programmes for performance budgeting and management of human resources. New courses were designed for the tellers and for personnel manning enquiry counters at major branches. 1,746 staff members went through one or the other of the training programmes conducted at the training college and 15 other training centres.

The Bank's patrons and the staff: It is always understood, but it needs to

be repeated ever, that the two basic contributors to any bank's success story are its patrons and its staff, the weft and the warp as it were of the mighty fabric of banking. The Directors deem it their pleasure to go on record of their profound gratitude to the Bank's patrons throughout India and abroad for their abiding goodwill without which the Bank could not have made such strident progress. So also, the sense of involvement and dedication on the part of the staff of all cadres in India and abroad. They have been an integral part of the success story of the Bank and the Directors deem it their pleasure to place on

record their profound sense of appreciation of the total participation of the staff in the Bank's gratifying progress.

The Bank's Board of Directors: Shri. RM Vellayan who was appointed a Director representing the employees of the bank who are workmen effective from 11th December 1972 tendered his resignation as a Director of the Bank and it became effective from 28th September 1976. The Directors place on record their deep appreciation of the invaluable services rendered by Shri RM Vellayan during his term of office as Director.

BALANCE SHEET AS AT 31st DECEMBER 1976

Capital and Liabilities			Property and Assets		
Previous Year		31st December 1976	Previous Year		31st December 1976
Rs.		Rs. P	Rs.		Rs. P
2,00,00,000	1. Capital	3,00,00,000.00	38,99,80,852	1. Cash (including balances with RBI & SBI)	46,07,57,258.73
1,48,29,044	2. Reserve Fund & other Reserves	2,16,29,043.53	1,75,66,148	2. Balance with other Banks	1,77,86,599.98
358,23,06,528	3. Deposits & other Accounts	473,69,36,529.30	4,39,17,829	3. Money at Call & Short Notice	2,09,82,500.00
21,39,67,856	4. Borrowings from other Banking companies, Agents, etc.	44,97,97,545.47	102,13,98,296	4. Investments	136,94,54,588.33
8,24,61,440	5. Bills Payable	9,68,95,565.92	243,81,37,551	5. Advances & Bills Purchased & Discounted	344,65,79,471.24
18,83,20,747	6. Bills for collection being bills receivable—As per contra:	24,07,60,567.26	18,83,20,747	6. Bills receivable being bills for collection—As per contra:	24,07,60,567.26
10,50,73,294	7. Other liabilities	12,49,47,555.34	18,78,53,332	7. Constituents Liabilities for Acceptances, Endorsements and other obligations as per contra	24,67,58,436.47
18,78,53,332	8. Acceptances, Endorsements & other obligations as per contra	24,67,58,436.47	1,12,17,437 22,39,070	8. a) Premises b) Building under construction	1,13,80,979.15 4,23,280.69
1,24,09,103	9. Profit and loss Account Profit for the year end 31.12.1976	2,28,70,757.49	3,01,44,269	9. Furniture & Fixtures	3,81,59,590.20
	Less: Amount transferred to:		6,60,75,142	10. Other Assets	9,67,52,728.73
80,00,000	Reserve Fund	1,68,00,000.00	Nil	11. Non-Banking Assets acquired in satisfaction of claims	Nil
40,00,000	Provision for contingencies	40,00,000.00			
439,68,50,673	Total	594,97,96,000.78	439,68,50,673	Total	594,97,96,000.78

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The prime minister's press conference on Monday gave a good push to the country's move towards an open society. It was an affair of "no holds barred." If Mr Desai got the better of the exchanges most of the time, he could do so without trying really hard. The prime minister has agreed to meet the press once a month and has offered to set aside even an hour and a half for these regular press conferences. If the press and the public are to benefit optimally from these opportunities, the capital's press corp will have to take itself more seriously and try to do a good professional job. There is nothing to be gained by trifling with his time or trying to turn these press conferences into sparring sessions. Mr Desai has a certain style of conducting these proceedings. It is worth our while to accustom or adjust ourselves to it. The great thing is that he so obviously desires to communicate freely with the press and, through it, the public. He just does not care to have these meetings turned into mere show business. This was evident from his impatience with the cameras, including TV. Those sixty or ninety minutes of the busiest man in the country deserve to be husbanded wisely.

It would be wrong to say that Mrs Gandhi has returned to politics; she never left it. None of the senior men in the congress has an "emergency record" which enables him to hold his head high. Consequently, there never was much chance of these people, either singly or by joint action, providing an effective rallying point for any rebellious section of the rank-and-file. Moreover the Janata leaders once again played into Mrs Gandhi's hands by forcing the issue of an immediate election to the assemblies in the nine congress-governed states. While differences over election

strategy seem to be straining the nascent allegiance of their own leaders to party unity, the restructured Indira brigade has evidently been successful in persuading congressmen in the mass that there is still a lot of political mileage to be got out of electioneering in her name. Mr Brahmananda Reddi, her hand-picked party president, has made it clear that she remains very much the real leader of the party and Mr Vengal Rao, the chief minister of Andhra Pradesh, who has sought to resign his chief ministership because he is opposed to Mr Reddi's election as president, has also said that he unreservedly accepts Mrs Gandhi's leadership and would faithfully abide by her wishes. No wonder she is now on the congress working committee and its parliamentary board. She is no longer behind the scenes, pulling wires.

Come to think of it, Mrs

Gandhi is any day a better man than Gunga Dins of the type of Mr Y. B. Chavan. Even the feel of his home-ground under his feet cannot give him courage. Defending his "emergency record," he has been telling audiences in Maharashtra that he did not know at the time what was going on in the country. Was this because he was merely the minister for External Affairs and it would therefore have been in bad taste for him to attempt to concern himself with the domestic affairs of his country? Mr Chavan, however, is only one among many former central ministers or other prominent congressmen who are not ashamed to plead ignorance. Some of them even have the effrontery to tell sceptical journalists that the press was to be blamed for this since it was not reporting news truthfully. I wonder what the editor of *The Hindu* would say. His paper has suggested that people in the southern states were not aware of the excesses of the emergency in the north and hence the success of the

congress or its allies in so many parliamentary constituencies in those parts of the country. *The Hindu* has a large circulation in the south. It is therefore a fair inference that it did not help its readers in learning about what was happening in the country. Its explanation, perhaps, could be that its editor himself was nearly as ill-informed as Mr Chavan was.

But the buck need not

stop there. Mr G. Kasturi, certainly, should be able to shift the blame to Mr Mohammad Yunus, from whom *The Hindu* was regularly earning encomium during the emergency. Mr Yunus, who without doubt knew what was happening, had no business not to share his information with Mr Kasturi, especially as both were engaged in the business of taking care of *Samachar*.

Mr Yunus was very much visible during the emergency, but he seems to have gone underground since. But I do not hold this against him. What I object to is the surfacing of men such as Mr B.R. Bhagat. What worries me is that he may soon be accepted as another Janata leader. It is indeed unfortunate that the Janata command should have created an impression that it is opening a nation-wide pawn shop for turncoat congressmen to convert their discarded political rags into cash. Some screening, surely, is possible. To start with, there could be a blanket ban on aspirants who had been known or notorious fund-collectors for the former ruling party. Mr T. A. Pai has unburdened himself of a name for them.

A ban of this kind would keep out Mr Dinesh Singh, besides others. This will be a bearable loss for the Janata party. The ban, of course, would promptly discourage any notion Mr Manubhai Shah may have of testing the water. Even the congress party has learnt its lesson at least in this respect. It has chosen Mr Karan Singh as its treasurer. This "Mr Clean" has more money of his own than he knows what to do with. Not that Mr P.C. Sethi was a poor man. None of them were—at least for long. Incidentally the late L.N. Mishra's wife still continues in her (or, his) New Delhi "ministerial" accommodation.



MOVING FINGER

TRADE WINDS

Oil Crisis

A MAJOR crisis, which may result in dislocation of supplies of petroleum products is brewing in the wake of strike by the workers of the Bombay Port Trust and the Gujarat refinery. Union minister of Petroleum, Chemicals and Fertilisers Mr. H.N. Bahuguna, informed prime minister Morarji Desai and other cabinet colleagues of the situation. Mr Bahuguna pointed out that while he had full sympathy with the workers he could not tolerate indiscipline. He made personal attempts to ensure that the strike could be called off as quickly as possible. But in case it did not happen this would result in serious dislocation of the economic activity in the country.

According to official sources it has been decided to increase the import of HSD to 77,000 tonnes during the current month against 43,000 tonnes in April. One import tanker has already been received and three more are expected to reach Kandla port before the end of this month. In addition, sea movements of HSD from Bombay to Kandla of 12,000 tonnes have been planned to improve availability in the north-western region directly by rail during this month.

About 1,250 workers of the Gujarat refinery near Baroda, stayed away from work as officials of the refinery, the biggest in the country, strove to keep up production. About 235 officers were manning vital

installations in the 4.2 million tonnes refinery, working in a 12-hour shift, round the clock. The workers launched a wild-cat strike on May 11 in sympathy with the striking shunters of the refinery railway yard and later added some of their own demands. The original dispute between the refinery management and yard shunters pertained to promotion as loco operators of some of the shunters. Later, the main body of the workers added some more grievances like bonus and various allowances.

Export Duty on Chromite Ore

The government has announced an export duty ranging from Rs 50 per tonne to Rs 200 per tonne on chromite ore, depending on the oxide content. The import has been decided upon to conserve the limited resources of chromite ore and concentrates in the country.

Railway Experts for Nigeria

A team of Indian Railways experts will leave for Nigeria shortly and will submit its report within six months. An agreement was signed recently with the Nigerian Railway for Indian Railways technical consultancy for the development of railway system in Nigeria. A railway delegation from Nigeria visited India recently. The delegation discussed with the chairman, Railway Board, Mr G.P. Warriar, the scope of

Indian technological assistance to speed up the development of railway system there.

Customer Service by Banks

The working group on customer service in banks in its final report has made a strong plea for banks to adopt a "more liberal approach" in sanctioning advances against gold and silver ornaments, to the small men and those belonging to weaker sections. The report submitted to the government observes that with gradual decline of money-lenders, as an important source of finance "the gap has to be filled by banks". The 101-page report also incorporates the interim recommendations made by the group some time ago.

The six-member committee has made as many as 176 recommendations touching on such vital customer service as remittances and collections, loans and advances, foreign exchange business, government business and discipline and attitude of the bank staff to customers. The working group has said that traditionally, loans against gold ornaments and silver-ware have been popular in Indian society. "There is no reason why bank should not enter this area unreservedly and help people meet their emergent needs at short notice," the report observes.

The group has found that the general complaint by the small men was that they were bothered by irrelevant and excessive questioning by the banks at different times. The customers also found delay in sanctioning of loans asked for, too many rejections through insistence on the letter of the schemes while ignoring the spirit.

The group has recommended establishment of clearing houses at every centre having more than three banks. It has found at present, there are only 200 odd clearing houses in the country. There are 150 important centres in India which do not have a clearing house.

IDA Loan for FCI

The International Development Association (IDA), the soft credit wing of the World Bank, has decided to give a loan of \$ 100 million to the Food Corporation of India to help it build additional food grains storage facility particularly silos equipped with the most modern bulk handling and transport equipment. Under the proposed credit the FCI will undertake to build a 3.2 million tonnes storage capacity of which 2.5 million tonnes will be of the conventional godown type. Silos of a total combined capacity of 200,000 tonnes are likely to be established near the port of Bombay, 350,000 tonnes bulk-cum back storage facilities at the sites yet to be decided and the 150,000 tonnes bulk godown with provision for later installation of mechanical conveying, handling and weighing systems.

The non-conventional storage facility of 700,000 tonnes will be erected largely in the precast concrete slip form construction and each concrete cell will be provided with the protective plastic or epoxy resin inner lining. The silos will be custom-designed and erected in a cluster of three or more at each location. They will require high capacity conveying, handling, weighing and cleaning equipment together with the equipment for maintaining constant temperatures and humidity at acceptable levels. While much of the civil

engineering and construction work will be provided locally, it is estimated that mechanical equipment, temperature controls and recording instruments will have to be imported. As such equipment is not manufactured indigenously in adequate quantities.

Duty on Acrylic Fibre and Yarn

With a view to ensure better collection of excise duties, the union government has decided to restructure the duty rates in respect of acrylic fibre and acrylic yarn including bulked acrylic yarn. The duty presently leviable at the yarn stage is being shifted to the fibre stage and, while doing so, some relief is being provided to facilitate the replacement of wool by acrylics. Bulked acrylic yarn is being completely exempted from the additional duty of Rs 10 per kg. With these measures the government hope that the consumers will get knitting yarn for pullovers, sweaters etc at cheaper prices.

AIMO Meet

The All India Manufacturers Organisation has urged the government to reduce, if not eliminate, the excise duties on raw materials and intermediates which enter into essential consumption items. The organisation has suggested that basic inputs such as the steel and aluminium should be exempted from the levy of excise duty. In view of the comfortable foreign exchange position it has been suggested that the custom duty on essential raw materials and inputs should either be removed or drastically cut.

The organisation submitted a pre-budget memorandum to Finance minister, Mr H.M. Patel. Referring to the problem of inflation, AIMO has sugges-

ted that it should be tackled by increasing the level of production. As an anti-inflationary strategy the foodgrain buffer stocks and foreign exchange reserves should be utilised for countering inflation and stimulating growth. The foreign exchange reserves could be utilised by the timely import of essential goods which tend to be in short supply. Dealing

with the question of economic growth, it has opposed any move to cut down Plan outlay.

Export of Consultancy

The National Industrial Development Corporation (INDC) was able to secure a large number of foreign contracts for its consultancy services during the year 1976-77. This public sector

consultancy organisation under the ministry of Industry has taken up work on various projects in over 25 countries around the world. Its consultancy services were in great demand in a number of developing countries in Africa and Asia. Among the new contracts obtained by the corporation were the planning and execution of industrial projects in

punjab national bank

HEAD OFFICE : 5-PARLIAMENT STREET NEW DELHI

STATEMENT OF POSITION

31st December, 1975

Rs.

2,00,00,000

9,07,28,000

959,55,32,199

25,19,55,327

10,08,51,004

51,48,53,972

24,03,53,194

74,67,66,380

Capital : Paid-up

Reserve Fund

Deposits & Other Accounts

Borrowings from Banks and Correspondents

Bills Payable

Bills for Collection

Other Liabilities

Acceptances for Customers

PROFIT AND LOSS ACCOUNT :

3,16,40,740

94,59,344

1,54,30,000

Nil

Balance transferred to Central Government

67,51,396

1156,77,91,472

LIABILITIES

31st December, 1976

Rs.

2,00,00,000

11,18,49,100

1171,92,93,377

112,10,06,332

9,18,98,647

54,51,64,833

26,61,68,485

98,70,40,845

3,40,38,015

1,02,00,000

90,00,000

76,00,000

72,38,015

1486,96,59,634

ASSETS

80,85,55,776

1,00,00,000

306,81,18,836

611,61,61,341

51,48,53,972

74,67,66,380

1,66,85,154

3,80,91,116

24,84,55,897

1,03,000

1156,77,91,472

Cash in hand and with Banks

Money at Call & Short Notice

Investments in Government & Other Securities,

Shares, Debentures, etc.

Advances

Bills for Collection

Acceptances for Customers

Premises

Furniture & Fixtures

Other Assets

Non-Banking Assets

112,72,69,039

NIL

355,38,84,467

823,47,69,280

54,51,64,833

98,70,40,845

1,76,89,919

4,64,31,193

35,73,08,742

1,01,316

1486,96,59,634

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GUJARAT

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na, Uganda, Upper Volta, India, Malawi and Laos. Foreign exchange earnings of the NIDC, during the financial year, totalled over Rs 5 million. Its cumulative foreign exchange earnings now exceed Rs 15 million.

One of the new foreign projects undertaken by the corporation was the preparation of a survey report on the industrial opportunities available in Upper Volta based on local resources. The expert team sent by the NIDC studied various potential industries in the small and medium scale sectors covering mineral-based, engineering and other industries. Some of these units are proposed to be set up in industrial estates. The work done by the expert team was highly appreciated by the Government of Upper Volta. Another comprehensive study on the possibilities of industrial development will be taken up by the NIDC in the near future. The specific project is the development of the pulp and paper industry in the country, based on locally available raw materials.

Rapid Expansion

The activities of the NIDC inside the country have also been expanded substantially. For the first time in India, the corporation designed and successfully commissioned the world's largest solar energy grain dryer with a capacity of about 10 tonnes per day at Ludhiana in Punjab. More of these grain dryers will be set up by the NIDC in various parts of India.

Another important contract is the setting up of a plant to manufacture process reciprocating pumps, reciprocating compressors and centrifugal pumps

at Naini, Allahabad. This project was taken up and completed for the Bharat Pumps and Compressors Limited, a public undertaking under the ministry of Industry. These pumps will meet the requirements of the fertiliser, petrochemical, oil exploration and steel industries for large heavy duty pumps, which were being imported. The cost of this plant was Rs 125 million. It incorporates some of the most sophisticated production facilities for such heavy engineering work. Indigenous equipment was predominantly used in designing and erecting the plant.

Rayon & Synthetic Textiles Export

Exports of rayon and synthetic textiles reached an all-time high of Rs 38.52 crores during the year 1976-77. This performance is not only more than double of that achieved last year which was Rs 17.79 crores but has exceeded the export target for the year 1976-77 by over Rs one crore. Exports during 1976-77 represent 117 per cent rise as compared with the achievement of the previous year. Fabrics which constitute a major share of exports of rayon and synthetic textiles were valued at Rs 31.5 crores, garments and made-ups Rs 2.48 crores, hosiery and knitwear Rs 1.2 crores and miscellaneous items including rayon tyre yarn and viscose filament yarn etc. Rs 3.35 crores. Countries to which major portion of the trade was directed include:

Fabrics:—Afghanistan, Somalia, Dubai, Iran, Kuwait, Singapore, Saudi Arabia, YAR, Poland, UK, Canada, USA and Australia.

Hosiery and Knitwear:—West Germany, Canada, France,

Norway, S. Yemen and Saudi Arabia.

Garments:—Italy, UK, USA, France, Saudi Arabia, West Germany, Bahrain, Dubai, Somalia and Hong Kong.

Rayon Tyre Yarn: Australia, UK, Austria, Thailand, Japan, Sri Lanka, Zambia and Tanzania.

Filament Rayon Yarn: Pakistan, Hong Kong, Switzerland, Spain, Italy, Afghanistan, USA and Sri Lanka.

Used US Machinery

There is good market for used US machinery in India as this would help the country save significant quantum of foreign exchange, according to Mr. Joe Shah, president, International Traders, the USA. This company, specialising in used machinery, has recently exported a Pusey and Jones paper machine to India. The machine will produce about 30 tpd of printing and writing papers for Delta Paper Mills Ltd, Srirampuram, Andhra Pradesh. The mill is expected to go into full production by the end of the year. This is the first used paper machine to enter India from the USA under the revised import policy of the government of India. One big advantage of such import is that the safe workability of the machine upto a certain time is fully guaranteed.

Food Processing Units of FCI

The Food Corporation of India has shown a marked improvement in the sphere of food processing in Tamil Nadu. Reviewing the performance of the food processing units in the region last year, Mr G.P. Gupta, joint manager, pointed out that the four modern rice mills in the state have together exceeded the target set for milling paddy. A major break-

through in processing of bran has been achieved, Gupta said. The solvent extraction plant at Sembanarkoil produced 542 tonnes of oil, which included about 100 tonnes of low free fatty acid (FFA) oil, the latter suitable for conversion into edible grade after neutralisation, de-acidification and de-odorisation.

With a view to stepping up the manufacture of low FFA oil and thereby increasing the availability of edible oil in the country, it was decided to install stabilisers in the Modern Rice Mills to arrest the 'lipase' activity in the bran and thereby consequent splitting of oil while in storage. One such stabiliser has been installed at Sembanarkoil and this has helped to stabilise the bran to the required level ideal for producing low FFA oil from rice bran. This is a leading step taken by Food Corporation to bridge the edible oil deficiency in the country. Erection of similar stabilisers in other mills is also in progress.

Unmanufactured Tobacco

Further relaxations in control over transport and warehousing of unmanufactured tobacco have been made by the government with effect from May 4, 1977. These are in addition to the relaxations announced last month and have been made on further examination of the representations received by the government from tobacco trade. The Central Excise department had taken certain measures to tighten the control over transport and warehousing of unmanufactured tobacco in pursuance of the recommendation of the Tobacco Excise Tariff

Committee. The fresh relaxations are:

Transport certificates for tobacco other than Virginia and Indian Air Cured string variety will henceforth be valid for 12 hours for distances upto 250 kms and 24 hours for greater distances where transport is by mechanised vehicles. Where the transportation involves crossing ferries which do not operate at night, the night hours so lost will be excluded. The validity period of a sale note for transportation of duty-paid tobacco by a mechanised vehicle will be up to the midnight of its date of issue, as was the position prior to February 1, 1977. The maximum permissible quantity of unmanufactured tobacco which can be transported on a sale note will henceforth be five quintals instead of 2.5 quintals.

There will henceforth be no restriction on the number of movements of unmanufactured tobacco from one warehouse to another. Suitable instructions have been issued to all Collectors of Central Excise who can be contacted in case of any doubt or for any further details.

Industry in Andaman Islands

A high power team headed by Mr I.C. Puri, additional secretary and Development Commissioner (Small Scale Industries) union ministry of Industry, visited Andaman & Nicobar Islands from May 5 to 9, 1977. The other members of the team included Mr Swarajya Prakash, Director (BA, RAP & RIP), Office of the Development Commissioner (SSI) and Mr S.K. Ghosh, Director, Small Industries Service Institute, Calcutta. Mr R.S. Rai, secretary (Industries), Andaman & Nicobar

accompanied the team to the various places in the islands.

The visit of the team included production-cum-training centres of the industry department, some large scale and small scale existing units, training centres set up for ladies, and cottage emporium. Certain agricultural and other farms were also seen where rubber plantation, bamboo plantation and coconut plantation are being carried out in these islands. The team also visited farms of the agricultural department for spice cultivation and other fruits and vegetables, etc.

The team also had detailed discussions with the various officers of the Andaman & Nicobar Administration on many aspects like power, electricity, land, forestry and other departments connected with the industrial development.

Basic Industries

Mr I.C. Puri also presented a copy of the report on 'Industrial Potentiality Survey of Andaman & Nicobar Islands' prepared by another expert team which visited Andaman & Nicobar some time ago under the leadership of Mr S.K. Ghosh, director, SISI Calcutta. He pointed out that several industries have been identified in the report which can use the existing raw materials and the existing potentials and skills in the use of those raw materials. He emphasised that these are the basic industries based on forest resources which are wood and timber.

Mr Puri also stated that there can be wooden furniture industry based on very excellent wood available in the territory. *Padauka* is one of the finest varieties of wood available in the island which

is free from insects. The other recommendations of the report included marine resources like fisheries, shells and industries based on these shells. Mr Puri further pointed out that coir industry is another possibility which can be developed into modern types of coir such as coir which is treated with flame deterrent property which is required in several parts of the world.

Steel Production

The main integrated steel plants operated close to the plans for the month of April, 1977 and exceeded the targets by 3,000 tonnes or 0.6 per cent. Total production of saleable steel from the main plants was 546,000 tonnes during the month exceeding April, 1976 output of 510,000 tonnes by 7.1 per cent. While Bhilai and Rourkela achieved 111.4 per cent and 103.2 per cent of the target, power restrictions at Durgapur and Bokaro affected the production which operated at 86 per cent and 95.1 per cent of the target respectively.

The production of ingot steel at main plants at 697,000 tonnes was 12.8 per cent higher than the April, 1976 production of 618,000 tonnes. This, however, fell short of the target of 709,000 tonnes set for the month. Production at Alloy Steels Plant, Durgapur was affected due to power restriction. Saleable steel output was 3,740 tonnes which fell short of the target by 260 tonnes.

Visvesvaraya Iron and Steel Ltd, Bhadravati exceeded the production target by 12.3 per cent turning out 6,230 tonnes of saleable steel as against a plan of 5,550 tonnes. Production of saleable pig iron stood at 143,000 tonnes which is 16.3 per cent more than the production in April of the pre-

vious year and shows 102.4 per cent of the target fulfilment for the month. Production of CAN fertilizer at Rourkela fertilizer plant at 16,700 tonnes was nearly double the target of 8,900 tonnes.

Neyveli Lignite Corporation

The Neyveli Lignite Corporation Limited (NLC) continued to maintain the uptrend in its production. During April this year the corporation produced 345,000 tonnes of lignite as against 299,000 tonnes for the same period last year. The NLC also generated 322.1 million units of power against 314.24 million units in April, 1976. The production of urea was 6,019 tonnes against 3,930 tonnes in April last year.

World Steel Trends

Crude steel production in March 1977 in the 29-member countries of the International Iron and Steel Institute fell by one per cent to 38,485,000 tonnes compared to 38,862,000 tonnes in March 1976. The cumulative total for the first three months of 1977 was 107,842,000 tonnes against 107,626,000 tonnes for the same period in 1976, an increase of 0.2 per cent. According to the Institute, there appears to be still no clear sign of any significant change in steel production no deterioration, but also little improvement except in the USA where production had earlier been adversely affected by the harsh winter weather. Steel production in India during March 1977 was 884,000 tonnes against 794,000 tonnes in March 1976, an increase of 11.3 per cent and 2,593,000 tonnes during the first three months of 1977 against 2,313,000 tonnes during the

same period in 1976, an increase of 12.1 per cent.

Comparative performances in production by major groups of countries (in tonnes) are: March 1977 and corresponding month in 1976—EEC of Six 9,664,000 and 9,838,000 (—1.8 per cent); United Kingdom 1,830,000 and 1,997,000 (—8.4 per cent); United States 9,974,000 and 10,246,000 (—2.7 per cent); Japan 8,944,000 and 9,193,000 (—2.7 per cent). First three months of 1977 and the same period in 1976—EEC of Six 26,701,000 and 27,005,000 (—1.1 per cent); United Kingdom 5,516,000 and 5,600,000 (—1.5 per cent); United States 26,257,000 and 28,156,000 (—6.7 per cent); and Japan 25,986,000 and 25,061,000 (+3.7 per cent).

White Revolution in Punjab

Mr. M.S. Gill, managing director, the National Co-operative Development Corporation, stated recently that the corporation has made substantial contribution to the 'white revolution' in the country. The corporation stepped into the dairying sector in 1971-72, and so far more than 30 dairy units in different states in the country have been assisted. The total assistance has been given for establishing these units to the tune of Rs 5 crores. Dairying has now become the most suitable and important subsidiary occupation for the farmers in Punjab to increase their income. Earlier, milk processing plants were established in Punjab only in the public sector, but later on, the entire system from milk production to processing is proposed to be run by coopera-

tives, thus making it a successful venture.

Names in the News

Dr M.S. Swaminathan, director general, Indian Council of Agricultural Research (ICAR) has been elected Foreign Associate of the National Academy of Sciences of the United States, the highest scientific organisation in the USA. Dr Swaminathan, who had earlier been elected a Fellow of the Royal Society of London (FRS), is the only Indian scientist who has been honoured so far both by the Royal Society of London and the US National Academy of Sciences. Dr Swaminathan is the third Indian scientist to be elected as Foreign Associate of the US National Academy of Sciences. The other two Indian scientists—Dr V. Ramalingaswami, Director of All-India Institute of Medical Sciences, New Delhi, and Dr D. Lal, Director of the Physical Research Laboratory, Ahmedabad, had been elected in 1973 and 1975 respectively. Dr Swaminathan has been chosen for his outstanding contributions to applied genetics and biology.

Prof P N. Dhar, who was secretary to the farmer prime minister has been nominated a member of the governing council of the United Nations University at Tokyo. The nomination has been made, according to the UN regulations, jointly by the Secretary General of the UN, Dr Kurt Waldheim, and the Director-General of UNESCO, Mr Anadou Maktar M'Bow. The term will be for six years.

The union government has announced a major reshuffle of the departmental secretaries.

Mr. P.J. Fernandes, secretary to the ministry of Chemical and Fertilisers, has been

appointed as secretary Finance. Mr H.N. Ray retires on June 30. The chairman of BHEL, Mr V. Krishnamurthy, will take over as secretary to the department of heavy industry.

Dr. Ajit Mazumdar, who is now on deputation to the Asian Development Bank, will be secretary, Planning Commission in place of Mr S. K. Rao. Mr Rao is to be secretary, department of textiles in place of Mr S.S. Puri.

Mr S. S. Marathe, chairman of the Bureau of Industrial Costs and Prices will be secretary, department of industrial development, in the place of Mr Mohammad Fazal. Mr Mantosh Sondi, secretary department of heavy industry, will be secretary to the ministry of Steel and Mines. Previous secretary steel and mines, Mr Saran Singh has gone to Bihar as chief secretary. Mr R.V. Subramanian, adviser to the governor of Madras, is to be secretary, department of power, vice, Mr Y. T. Shah. Mr S. Banerjee will be secretary, department of defence production, vice Mr M.M. Sen, who is proceeding on leave preparatory to retirement on July 5. Mr R. Balasubramanian, additional secretary, department of Food,

to be secretary department of Food, vice Mr G.C.L. Joneja, who has gone to Bihar as adviser governor. Mr P. Krishnamurthy, additional secretary, ministry of Finance, will be secretary department of Company Affairs. Mr P. Sabhnayagam, secretary, department of rehabilitation, will be secretary, of the department of education, vice Mr K.N. Channa, who has gone as adviser to Governor of Bihar,

According to a notification issued by the ministry of Industry, Mr V. Ramachandran has been appointed as the secretary of the Khadi and Village Industries Commission. He will remain in office till March 31, 1978.

The Indian Pump Manufacturers Association (IPMA) has elected the following members as office bearers for the year 1977-78: President: Mr R.R. Bareja. Sr. Vice-President: Mr P.S. Padhye, Vice-President: Mr R. Somasundram. Members of the executive council: Mr C.C. Amin, Mr S.D. Mody, Mr R.R. Nair, Mr C.V. Sahasranaman, Mr A.K. Wadhawan, Mr S.S. Bhangar, Mr K. Mubayi, Mr N. Rudrappan, and Mr N.M. Saraiya.

Department of Atomic Energy

Directorate of Purchase and Stores

On behalf of the President of India, the Director, Directorate of Purchase and Stores, Department of Atomic Energy, Bombay invites tenders as detailed below:

1. DPS/PPED/IEE/54 due on 20.6.77. One no. Portable hardness tester, Two nos. hand probes and accessories.
2. DPS/BARC/IEE/1080 due on 20.6.1977. Computer display terminal with alphanumeric and graphic facilities. One No.
3. DSP/BARC/IEE/1082 due on 21.6.77. Non-disposable filter elements 25 Nos and Disposable type filter elements-35 Nos
4. DPS/BARC/IEE/1083 due on 21.6.1977. Acoustic emission transducers with accessories. 4 Nos.
5. DPS/BARC/IEE/1084 due on 21.6.1977. Induction Generator 1 No.

Tender documents priced Rs 15/- each for items at S. No. 1, 2 & 3, Rs 10/- for items at S.No. 4 and Rs. 25 for items at S. No. 5 and General conditions of contracts priced Re 0.50 p can be had from the Finance and Accounts Officer, Department of Atomic Energy, Directorate of Purchase and Stores, 3rd floor, Mehata Building, Palton Road, Bombay-400 001 between 10 a.m. to 1 p.m. on all working days except on Saturdays. Import Licence will be provided only if the items are not available indigenously. Tender will be received upto 3 p.m. on the due date shown above and will be opened at 4 p.m. on the same day. The right is reserved to accept or reject lowest or any tenders in part or full without assigning any reasons.

davp 645 (25)7



**Grindlays
Bank
Limited**

BALANCE SHEET OF INDIAN BRANCHES

Registered in London under the Companies Act of 1862 on the 23rd March 1866 The liability of members is limited

CAPITAL AND LIABILITIES

1975	Rs.	1976	Rs.
Capital			
<u>2 78 33 392.50</u>	Amount deposited with the Reserve Bank of India under Section 11 (2) of the Banking Regulation Act, 1949 (Market value of securities lodged)	<u>3 10 59 145.00</u>	
Reserve Fund and other Reserves			
<u>2 19 60 000.00</u>	Head Office Reserve (amount remitted in Sterling from Head Office)	<u>2 19 60 000.00</u>	
<u>4 96 42 994.15</u>	Capital Reserve on revaluation of bank's premises (including accumulated depreciation of Rs. 2777968.29 upto 31st December, 1966)	<u>4 96 42 994.15</u>	
<u>60 72 325.06</u>	Revenue Reserve	<u>60 72 325.06</u>	7 76 75 319.21
Deposits and other Accounts			
<u>192 04 01 701.57</u>	Fixed Deposits		
<u>113 30 55 688.12</u>	from banks 1 16 87 000.00		
	from others 199 62 52 821.78	200 79 39 821.78	
	Savings Bank Deposits	<u>118 56 68 308.08</u>	
	Current Accounts Contingency Accounts, etc.		
<u>102 52 82 456.03</u>	from banks 4 11 56 398.01	<u>109 98 53 687.44</u>	429 34 61 817.30
407 87 39 845.73	from others 105 86 97 289.43		
<u>17 22 48 506.98</u>	Borrowings from other Banking Companies, Agents, etc.	<u>16 21 07 510.95</u>	16 21 07 510.95
<u>3 32 54 950.95</u>	in India		
20 55 03 457.93	Outside India		
	(Particulars of borrowings etc. appear in an appended statement)		
Bills Payable			
<u>7 23 00 702.94</u>			11 69 10 090.61
Bills for Collection being Bills Receivable			
<u>23 30 10 506.08</u>	Payable in India	<u>20 74 38 964.42</u>	
<u>17 65 32 276.95</u>	Payable outside India	<u>21 57 22 331.07</u>	42 31 61 295.49
40 95 42 783.03			
Other Liabilities:			
<u>2 91 65 773.16</u>	Net Inter-Branch balances		
<u>47 03 691.24</u>	Head Office and Branches outside India	<u>2 33 98 872.83</u>	
3 38 69 464.40	Branches in India	<u>(1 99 02 180.52)</u>	34 98 692.31
Acceptances, Endorsements and other obligations			
<u>8 06 76 198.59</u>			8 04 65 926.85
Profit and Loss			
<u>2 30 34 298.34</u>	Balance brought forward from previous year	<u>2 81 01 727.52</u>	
<u>1 26 17 177.52</u>	Add profit for the year brought from the Profit and Loss Account	<u>2 93 23 913.71</u>	
<u>3 56 51 475.86</u>		<u>5 74 25 641.23</u>	
<u>75 49 748.34</u>	Less remitted to Head Office	<u>2 81 01 727.52</u>	2 93 23 913.71
2 81 01 727.52			
Contingent Liabilities			
<u>67 329.92</u>	Claims against the banking Company not acknowledged as debts	<u>59 945.61</u>	
<u>74 65 26 829.01</u>	Outstanding forward exchange contracts	<u>117 49 08 553.24</u>	
<u>97 37 45 549.58</u>	Confirmed credits and guarantees given	<u>95 08 81 744.56</u>	
<u>36 25 000.00</u>	In respect of partly paid shares	<u>36 25 000.00</u>	
	In respect of Participation Certificates Issued	<u>25 00 000.00</u>	
<u>498 64 09 498.95</u>			<u>518 66 02 566.43</u>

AS AT 31ST DECEMBER, 1976

PROPERTY AND ASSETS

Rs.	1975	Rs.	Rs.	1976	Rs.
			Cash	In hand, with Reserve Bank of India, and with State Bank of India (including foreign currency notes)	21 99 19 931.17
		17 98 21 728.66			
			Balances with other Banks (on Current Accounts)	In India Outside India	5 19 98 566.98 27 13 080.13
3 17 93 824.63 97 679.75		3 18 91 504.38			6 47 11 647.11
			Money at Call and Short Notice		1 00 00 000.00
		10 00 00 000.00			
			Investments (at cost or under)	Securities of the Central and State Governments and other Trustee Securities including Treasury Bills of the Central and State Governments	127 14 45 441.15
130 50 91 048.20			(Particulars of investments appear in an appended statement)	Shares fully paid ordinary shares 24 11 500.00 partly paid ordinary shares 36 25 000.00	60 36 500.00
60 24 500.00 3 27 983.75 3 00 000.00		131 17 43 528.95		Debentures Other investments Gold	28 11 770.00 3 00 000.00 —
					128 05 93 711.15
			Advances (Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors) See note 6	Loans, Cash Credits, Overdrafts, etc. in India outside India	215 12 86 389.46 —
381 61 67 624.19				Bills discounted and purchased (excluding Treasury Bills of the Central and State Government)	215 12 86 389.46
				payable in India 39 66 22 291.73 payable outside India 41 33 36 022.86	80 99 58 314.59
71 26 20 8.17		272 87 94 370.32		Particulars of advances appear in an appended statement	296 12 44 704.05
23 30 10 506.08 17 65 32 276.95		40 95 42 783.03	Bills Receivable being Bills for Collection as per contra	Payable in India Payable outside India	20 74 38 964.42 21 57 22 331.07
					42 31 61 295.49
			Constituents' Liabilities for acceptances, endorsements and other obligations as per contra		8 04 65 926.89
		8 06 76 198.59		At cost/valuation as at 31st December, 1975	6 95 17 363.68
8 94 47 272.00 26 20 750.35 7 20 68 022.35			Premises less depreciation	Additions during the year	7 66 464.46 7 02 83 828.14
25 50 658.67 6 95 17 363.68 47 38 963.69		6 47 78 399.99		Less sales and amounts written off during the year	1 09 350.00 7 01 74 478.14
2 48 13 777.41 89 68 564.54 3 37 82 341.95			Furniture and Fixtures including vehicles and equipment less depreciation	Less depreciation to date	57 76 594.16
20 65 210.17 3 17 17 131.78 1 33 90 849.68		1 83 26 282.10		At cost as at 31st December, 1975	3 17 17 131.78
3 15 26 445.51 9 46 885.00 2 91 61 372.48			Other Assets	Additions during the year	29 61 758.06
		6 16 34 703.03		Less sales and amounts written off during the year	3 46 78 889.84 47 21 988.39
				Less depreciation to date	2 99 56 901.45 1 41 20 112.69
			Non-banking Assets acquired in satisfaction of claims	Accrued interest and commission Sundries Stamps, advance rents, sundry deposits, initial expenses, etc. Net inter-branch and Head Office balances outside India	1 41 20 112.69 2 95 07 314.85 1 16 51 900.21 3 51 11 462.81
		498 64 09 498.95			7 62 70 677.87
					518 66 02 566.43

PROFIT AND LOSS ACCOUNT OF INDIAN BRANCHES FOR THE YEAR ENDED 31ST DECEMBER, 1976

1975
Rs.
46 86 33 782 37
6 73 55 880 84
6 49 623 08
6 08 515 48
—
—
—
53 71 47 781 68

1975
Rs.
82 00 20 747 51
10 31 22 275 48
85 250 00
14 94 16 161 73
11 79 374 63
20 93 330 10
1 20 000 00
95 16 462 50
85 34 564 47
—
2 74 32 437 76
1 26 17 177 52
53 71 47 781 68

1975
Rs.
78 880 00
36 060 00
37 845 00
1 52 785 00

1976
Rs.
224 35 67 328 38
11 64 08 368 08
36 88 18 074 01
272 87 94 370 32

86 460 00

70 83 198 89

88 61 811 89

1976
Rs.
4 85 71 026 72
15 88 32 431 22
20 86 03 467 83

1976
Rs.
130 85 80 008 89
61 63 500 00
20 00
131 17 43 528 89

INCOME

(less provisions made during the year for bad and doubtful debts and other usual or necessary provisions)

Interest and Discount
Commission, Exchange and Brokerage
Rent
Net profit on sale of investments, gold and silver, land, premises and other assets (not credited to Reserves or any particular fund or account)
Net profit on revaluation of investments, gold and silver, land, premises and other assets (not credited to Reserves or any particular fund or account)
Income from non-banking assets, and profit from sale of or dealing with such assets
Other receipts

1975
Rs.
47 22 80 748 10
7 98 30 165 58
5 64 134 13
34 89 952 70
—
—
—
65 59 74 987 68

EXPENDITURE

Interest paid on deposits, borrowings, etc.
Salaries and allowances and provident fund
Directors' and Indian Advisory Board members' fees and allowances
Rent, taxes, insurance, lighting, etc.
Law charges
Postage, telegrams and stamps
Auditors' fees
Depreciation on and repairs to the banking company's property
Stationery, printing, advertisement, etc.
Loss from sale of or dealing with non-banking assets
Other expenditure
Balance of profit

1976
Rs.
22 69 83 909 39
10 69 53 218 04
1 19 225 00
14 67 49 711 85
13 54 459 41
23 81 407 89
2 05 000 00
1 03 86 267 51
97 82 427 84
—
2 27 35 446 98
2 93 23 913 71
65 59 74 987 55

Particulars of remuneration relating to the banking company's chief executive in India:

Salary
Allowances
Monetary value of any other benefits or perquisites

1976
Rs.
91 731 74
40 904 29
40 870 94
1 73 506 97

PARTICULARS OF ADVANCES

Debts considered good in respect of which the banking company is fully secured
Debts considered good for which the banking company holds no security other than the debtors' personal security
Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors
Debts considered doubtful or bad, not provided for

1976
Rs.
234 99 22 442 23
14 87 19 977 71
48 26 02 284 11
296 12 44 704 05

Debts due by directors or officers of the banking company or any of them either severally or jointly with any other persons

Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members

Maximum total amount of advances including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other persons

Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members

Due from banking companies.

89 86 001 07

81 21 371 33

68 17 585 34

81 21 371 71

17 12 088 57

PARTICULARS OF BORROWINGS FROM OTHER BANKING COMPANIES, AGENTS, ETC.

Secured (See note 14)
Unsecured

1976
Rs.
18 21 07 510 98
16 21 07 610 98

PARTICULARS OF INVESTMENTS VALUATION

Quoted investments at lower of cost or market quotation
Unquoted investments at cost
Unquoted investments at below cost (cost Rs. 84500)

1976
Rs.
127 67 34 691 18
48 59 000 00
20 00
128 05 93 711 18

PRINCIPAL ACCOUNTING POLICIES

Premises Freehold premises and leasehold premises are included at cost or at professional valuation carried out in 1973.

Depreciation of Fixed Assets Depreciation on furniture, vehicles, equipment and properties other than leasehold premises is charged on a straight line basis over the estimated lives of the assets. Leasehold premises are amortised over the periods of the respective leases. Equipment is depreciated over a five year period.

Investments Quoted securities are included at the lower of cost or market value. Unquoted securities are included at or below cost.

Foreign Currencies Assets and liabilities in foreign currencies are converted at the rates ruling at the year-end, except that contingent liability in respect of forward exchange contracts is valued at the rates contracted.

NOTES

- 1. Borrowings** The borrowings from other banking companies, etc. classified as "secured" are secured by the corresponding secured advances to customers.
- 2. Ex-gratia payments to staff** The Bank has not received instructions from the Central Government or the Reserve Bank for any ex-gratia payment to staff in respect of 1976 and accordingly no provision has been made in these accounts for such Payments. An ex-gratia payment in respect of 1975 has been made in terms of instructions received, and has been charged in these accounts.
- 3. Unremitted Surpluses** In terms of current Indian Exchange Control directives, pending completion of the Bank's Income Tax Assessments for the Accounting Years 1973, 1974 and 1975, a total amount of Rs. 182 lacs arising from adjustment of Head Office Charges relating to those is held unremitted in India.
- 4. Income Tax Liabilities 1976** Provisions for income and interest taxes, estimated at Rs. 13.59 crores for 1976, have been charged to these accounts and are included in the expenditure items "Rent, Taxes, Insurance, Lighting, etc..." (1975 Rs. 13.85 crores).
In terms of the Finance Act 1976, a deposit of Rs. 55 lacs has been placed with the Industrial Development Bank of India, thus entitling the Bank to an exemption from surcharge on income tax.
Contingent Liability The proceedings initiated under Sections 147/148 of the Income Tax Act 1961 for the Years 1957 to 1969 in respect of which the Calcutta High Court has granted a stay, remain to be disposed of. Further, assessments of some years are in dispute. The liabilities, if any, relating to these are not ascertainable at this stage.
- 5. Staff Retirement Benefits** The Bank's Indian Staff Pension Scheme provides for payment of retirement benefits to employees retiring after 27th December 1974. A Trust Fund, duly approved by the Income Tax Authorities, has been set up under the Scheme to meet the payments for the retirement benefits. The Bank has so far contributed to the Fund a total amount of Rs. 308 lacs (including Rs. 100 lacs charged in 1976 accounts). The accrued liability as on 31st December 1976 in respect of these benefits is being ascertained and further contributions to the Trust Fund will be made on actuarial advice.
In addition, pension payments to employees who retired on or before 27th December 1974, and gratuities to non-pensionable staff are treated in the accounts consistently on a cash basis.
- 6. Advances** Included in "Debts considered good for which the Banking Company holds no security other than the debtors' personal security" is an amount of Rs. 386 lacs due from two companies, nationalised during the year with retrospective effect, in respect of which necessary claims will be lodged with the appropriate authorities under the Act nationalising these companies. Until these claims have been agreed with the authorities the final amount of the settlement cannot be established. It has therefore not been possible to ascertain the shortfall, if any, that may arise on the final settlement of these claims and, accordingly, no provision has been made in these accounts in respect thereof.
- 7. Re-Arrangement of Previous Year's Figures** Previous year's figures have been re-arranged wherever necessary.

K. WARNER
REGIONAL DIRECTOR, SOUTH ASIA

A. K. BASU
CONTROLLER

AUDITORS' REPORT

We have audited the Balance Sheet of Indian branches of Grindlays Bank Limited as at 31st December, 1976, signed by us under reference to this report and the relative Profit and Loss Account in which have been incorporated the unaudited returns from 18 branches, not visited by us, for which the Company Law Board has granted exemption under Rule 4 of the Companies (Branch Audit Exemption) Rules, 1961 from the provisions of Section 228 of the Companies Act, 1956.

Under the provisions of Section 29 of the Banking Regulation Act, 1949 read with the provisions of sub-sections (1), (2) and (5) of Section 211 and sub-section (5) of Section 227 of the Companies Act, 1956, the Balance Sheet and Profit and Loss Account are not required to be and are not drawn up in accordance with Schedule VI of the Companies Act, 1956. The accounts are, therefore, drawn up in conformity with Forms "A" and "B" of the Third Schedule to the Banking Regulation Act, 1949.

On the basis of the audit indicated in the first paragraph, we report that—

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of account, as required by law, have been kept by the Indian branches of the Bank so far as appears from our examination of those books and the aforesaid unaudited returns and these returns have been found to be adequate for the purpose of our audit.
3. The Balance Sheet and Profit and Loss Account of the Indian branches of the Bank dealt with by this report are in agreement with the books of account and the aforesaid returns.
4. In our opinion and to the best of our information and according to the explanations given to us such Balance Sheet and Profit and Loss Account together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required for Banking Companies and on such basis the said Balance Sheet gives, subject to Notes 5 and 6 thereon regarding Staff Retirement Benefits and Advances respectively, a true and fair view of the state of affairs of the Indian branches of the Bank as at 31st December, 1976 and the Profit and Loss Account gives, subject as aforesaid, a true and fair view of the profit of its Indian branches for the year ended on that date.

A. K. CHAKRABARTI
Partner

Calcutta, 18th February 1977

For and on behalf of Price Waterhouse Poot & Co.
Chartered Accountant

COMPANY AFFAIRS

Texmaco

TEXMACO LIMITED has earned a gross profit of Rs 2.50 crores for the year ended December 1976, compared with Rs 1.26 crores in the previous year, out of which it has provided Rs 41.68 lakhs for depreciation. After allowing Rs 1.25 crores for taxation, the surplus amounts to Rs 78.35 lakhs. The directors have recommended a higher taxable ordinary dividend of 10 per cent as against five per cent declared for the previous year. The increase in profitability is attributed to administrative measures to effect all-round cost reduction and marketing re-orientation.

Sales registered an impressive increase of 30 per cent over the previous year, aggregating Rs 37.37 crores as against Rs 28.72 crores in the preceding year. Exports continued to be a major plank of the company's marketing programme, recording an all-time high of Rs 10.72 crores, and accounting for almost 30 per cent of the total turnover. In fact, it was largely due to its exports that the company was able to overcome the constraints of domestic recession and maintain its operations at an economic level. The company has a satisfactory order book comprising some prestigious orders, including a few World Bank financed projects.

With the replacement/modernisation programme undertaken by the company to maintain its export status, the

company visualises bright prospects for the future, barring setbacks owing to disruption in power supply or resurgence of inflationary pressures in the domestic economy.

Asia Carbon

Asia Carbon Ltd is setting up a plant for manufacturing certain special carbon products including cathode blocks and carbon refractories, which are hitherto being imported and would therefore aid in conservation of foreign exchange to the tune of Rs 4 crores annually.

The plant is being set up at SIPCOT industrial complex Ranipet, as a joint sector venture with Tamil Nadu Industrial Development Corpn. Ltd. The promoters of this project are Mr P. L. Vivekanandan and Mr A.M.P. Arunachalam who are connected with many other industries.

The plant would be first of its kind in the country and the technical know-how for this project will be provided by M/s Conradt of Nurnberg, West Germany. The detailed engineering for the project will be rendered by M/s M.N. Dastur & Company Private Limited.

The plant of Asia Carbon Ltd would be designed to manufacture a wide range of carbon speciality products. To start with it is proposed to take manufacture of cathode block and side plates, cathode, paste, refractory blocks, bricks and paste and gra-

phite brush blocks. Cathode blocks and side plates find application in aluminium industries in electrolytic reduction cells. Refractory carbons are employed extensively as lining materials in industries producing iron and steel, calcium carbide and other chemical industries. Graphite brush blocks are required for railways and many electrical equipment. The export potential for these products are also very bright.

The plant will be commissioned within next two years and the total capital requirement for the project is estimated at Rs 6.53 crores. The cost will be met by the equity capital of Rs 1.6 crores, central subsidy of Rs 0.15 crores, secured loan and medium term loans of Rs 4.15 crores and short-term loan of Rs 0.63 crore.

Kamani Engineering Corporation

In his annual statement circulated to the shareholders of Kamani Engineering Corporation Ltd, the chairman Dr N.L. Hingorani has highlighted the spectacular achievements of the company during 1975-76. In fact, the company has produced better results than the best of the past. There were significant advances in production, sales, working capital management and profits. In financial terms the company generated funds of the order of Rs 6.23 crores. Of these, Rs 3.96 crores resulted from operations and Rs 2.27 crores from working capital rationalisation. The company utilised Rs 4.29 crores towards repayment of bank borrowings, Rs 1.59 crores for discharge of other liabilities and balance on asset acquisition and adjustment.

Till now road-roller divi-

sion and the rolling had low priority in the company's programme. Steps been taken to make the rolling of the rolling mill possible. The road-roller ac is virtually closed down. company is now looking various other possibilities.

Export Orders

As the orders for transmission towers for domestic supply extremely low, the company's share of the market has come down. To counter this the necessary steps have been taken towards intensification of efforts in other areas such as railway traction, higher voltage transmission, and structures which promise good prospects. The company has outstanding export orders to the tune of Rs 75.64 crore.

Referring to money market the chairman said that in raising funds the company resorted to borrowing from banks and financial institutions. The cost of borrowed funds, the chairman observed, is particularly pretty high for a local company. As the company's structure is heavily loaded against any investment in equity, the chairman felt that time is not far off when equity would not be considered a form of investment as presently is the case with preference shares, debentures, and government securities. Equity investments have lost their luster because of its relatively unattractive yield.

In this context the chairman has drawn the attention of the authorities to the state of the companies including units such as Kamani Engineering which are running on extremely thin equity. Till now, the chairman

need a much stronger in the light of recent nce wherein a number of kings have lost their quity and have become n order to make the more attractive than the chairman said, it be treated on par with r tax purposes. In the an's opinion this can be two ways. According Hingorani, the reason- dividend could be made a eductible expense and y the interest on money d in long-term assets not be allowed as tax ble just like dividend. second alternative, the an opined, is desirable ocial point of view as it lead to much lower f tax and a more ratio- erest rate structure. The ervative apparently, the an said, would be more ble to the business com- if the tax rates were be enhanced. Kamani uring, for instance, is in f a much larger equity It is really difficult for ompany, the chairman d, to operate safely the ed turnover with such a apital base of Rs 1.70

The preference shares, ures and other large ans are due for repay- hortly. Hence to streng- ne financial base of the ny, the chairman empha- has become essential to dditional equity in cash onversion of liabilities ue.

ed Commercial

ed Commercial Bank has d all-round 'remarkable ements in its working during the year ended ber 31, 1976. It has the tion of being the second alised bank to publish

its balance-sheet within a period of three months.

The bank has increased its paid-up capital from Rs 2.80 crores at the end of 1975 to Rs 5.00 crores by transferring, during the year, Rs 2.20 crores from its reserve fund and other reserves. The bank which was started only in 1943 has now the distinction of having the highest amount as its paid-up capital amongst the 14 nationalised banks. With the transfer of Rs 50 lakhs from the profit for the year 1976 the reserve fund stands at Rs 6.00 crores which exceeds the paid-up capital by Rs 1.00 crore.

The total of deposits and other accounts has gone up from Rs 623.17 crores at the end of 1975 to Rs 788.32 crores at the end of 1976, the percentage increase being 26.5. It is learnt that the public deposits in India at the end of 1976 amounted to Rs 655.82 crores showing an increase of Rs 126.83 crores and the percentage rise of

public deposits in India was 23.97 as compared to the percentage rise of 14.86 and 10.87 in 1975 and 1974 respectively. It would therefore, be seen that bank has retained its seventh position amongst the public sector banks including State Bank of India.

Fixed deposits excluding those from other banks were higher by Rs 99.05 crores. Savings bank deposits have shown an impressive rise of Rs 29.39 crores. Current account (other than from banks) contingency accounts etc have shown a rise of Rs 23.26 crores.

Advances in India showed a rise of Rs 91.22 crores during the year and those of foreign branches by Rs 5.18 crores. The increase in advances in India was accounted for by increases of Rs 38.95 crores in advances to the Food Corporation of India, of Rs 21.64 crores in advances to priority sectors and of Rs 5.55 crores for exports which are all at concessional rate of interest. The

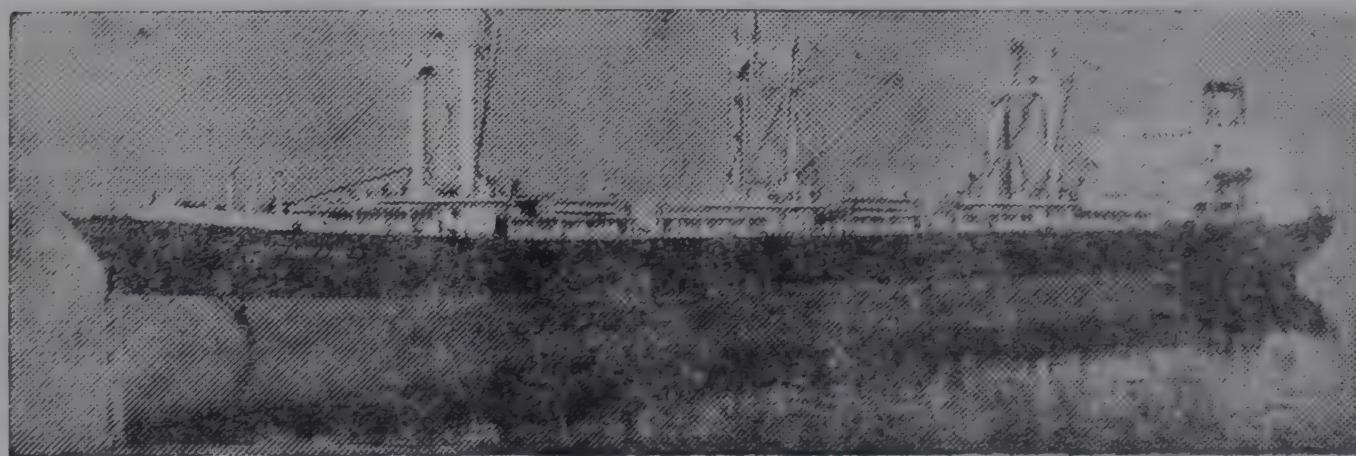
balance increase of Rs 25.46 crores was accounted for by the residual sectors.

Bills purchased and discounted in India outstanding at the end of 1976 were up by Rs 17 crores over the figure at the end of 1975. In the case of foreign branches the outstanding at the end of 1976 were higher by about Rs 3 crores as compared to the previous year.

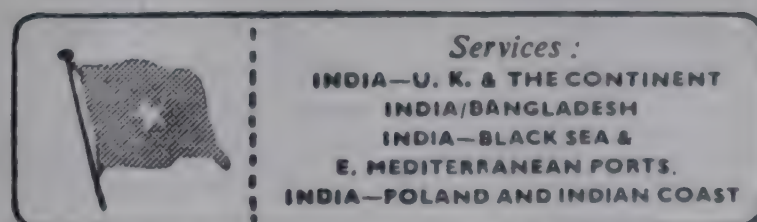
The profit for the year stood at Rs 2.10 crores as against Rs 2.05 crores for the previous year. Out of the profit a sum of Rs 50 lakhs has been transferred to reserve fund, Rs 62 lakhs to contingencies fund and Rs 47.17 lakhs for gratuity.

The bank opened 88 new branches during the year 1976 of which 65 branches (about 74 per cent) were opened in rural and semi-urban centres and seven in metropolitan cities.

It would be observed that the percentage of branches in rural and semi-urban centres to total number of branches as on



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INDIA STEAMSHIP CO., LTD.

"INDIA STEAMSHIP HOUSE", 21, OLD COURT HOUSE ST., CALCUTTA-1.

December 31, 1976 is 65.4 which is one of the highest amongst the nationalised banks. Out of the 88 branches opened during the year 1976, 38 branches were lead districts; bringing the total number of branches in lead districts to 310.

The bank sponsored the two regional rural banks during the year as against one sponsored during the year 1975: The bank has not only contributed 35 per cent of the share capital of these banks but has also deputed its own staff including the chairman for manning the head offices and branches of these banks.

Blue Star

Blue Star Ltd has reported highly encouraging working results during the year ended December 31, 1976. The total income of the company recorded a smart rise to Rs 21.25 crores from Rs 20.29 crores in 1975 while the profit after taxation went up by about 17 per cent from Rs 37.15 lakhs to Rs 43.44 lakhs. In view of the substantial increase in net profit the directors have stepped by the dividend from 15 per cent to 18 per cent. The proposed equity dividend will absorb Rs 16.65 lakhs, Rs 2.78 lakhs more than in 1975. The annual general meeting of the company will be held on June 28.

Sankey Wheels

Sankey Wheels Ltd has reported satisfactory progress during the 52-week period ended January 1, 1977. Sales for the year, including scrap sales, amounted to Rs 643.49 lakhs as against Rs 627.98 lakhs in the previous year. Compared to 1975, there was a further drop in the sale of car type wheels particularly in wheels for slow moving vehicles, but

this was more than offset by increased turnover of high value products such as tractor and commercial vehicle wheels. The more favourable product mix thus achieved, coupled with improved operating efficiency particularly in material utilisation and more effective cost control, resulted in a higher net profit of Rs 21.60 lakhs for the year after provision for taxation as compared with Rs 13.98 lakhs in 1975.

After adjustments the surplus available for appropriation on the profit and loss account amounts to Rs 30.85 lakhs and the entire amount has been transferred to general reserve. The directors regret that on account of the difficult liquidity position and unsatisfactory operating results in the first three months of the current year they are unable to recommend any dividend.

Svadeshi Mills

Sales (net of excise) of Svadeshi Mills Co Ltd during 1976 was higher at Rs 1885 lakhs as compared to Rs 1556 lakhs in the previous year. The gross profit of the company for the year 1976 was, however, lower at Rs 89.01 lakhs as against Rs 99.26 lakhs in the preceding year. After providing for depreciation Rs 37.47 lakhs, taxation Rs 15.00 lakhs and investment allowance reserve Rs 15.70 lakhs, the balance available for appropriations (including the brought forward balance in profit and loss account of Rs 14.01 lakhs) was Rs 34.85 lakhs.

The directors have recommended declaration of preference dividend of Rs 7.14 per share and equity dividend of Rs 20 per share, aggregating Rs 25.27 lakhs. If this recommendation is approved by the shareholders at the annual general meeting to be held on

June 22, 1977, the dividends, subject to deduction of tax at source, would become payable thereafter.

News and Notes

Under the provisions of Unit Schemes, 1964, 1971 and 1976, the registers of unit-holders will remain closed from the June 6 to 30, 1977 (both days inclusive) in connection with the annual closing of the books and accounts of the Unit Trust and for declaration of the income distribution to unit-holders for the year ending June 30, 1977. All unit-holders whose names stand on the unit-holders' registers as on June 30, 1977 will be entitled to the income distribution for the year.

During this period there will be no sale of units. However, repurchases of units will continue as usual.

Repurchases of units under the Unit Scheme 1964 will remain suspended during the period July 1 to July 31, 1977. Repurchases of units under Unit Schemes 1971 and 1976 will, however, continue.

New Issues

The Industrial Credit and Investment Corporation of India Ltd, (ICICI) is offering 40,000 debentures (1993) of Rs 5,000 each at 97.50 per cent (i.e. Rs 4,875 each) with a right to retain excess subscription money up to 10 per cent of the issue to be applied for issue and allotment of further 4,000 debentures. The debentures will carry interest at the rate of 6.25 per cent per annum, subject to deduction of tax at source and it will be payable half-yearly on May 1 and November 1, except that the first payment of interest accrued from the date of receipt of application up to November 1, 1977 on the debentures

allotted will be paid on November 1, 1977.

The debentures, now issued, are guaranteed by the government of India as repayment of principal and payment of interest. The debentures will be considered as approved security under the provisions of the Indian Contract Act, 1882, the Insurance Act, 1938 and the Banking Regulation Act, 1949. The debentures will be redeemed at par on May 1, 1993.

Augmenting Resources

The subscription list opened on May 18 and will close on May 23 or earlier at the discretion of the directors but not earlier than May 23. In the event of oversubscription, allotment to shareholders will be made on the basis of the company who applied for the debentures will be considered on preferential basis to the requirements of the existing listing agreement with Bombay Stock Exchange. The offer of allotment to non-resident shareholders is, however, subject to the consent of the Reserve Bank of India. The proceeds of the debentures will be utilised for augmenting the resources of the company to meet the demands of industry for financial assistance to meet the other needs of the company.

The government has formally approved the collaboration for Sehgal Papers Limited for the manufacture of carbon copy papers. A noteworthy feature of this project is that it will be the first venture of the country to manufacture speciality papers such as tissues and carbonless copy papers. The company has decided to go in for a Rs 10 crore public issue for the combined project by the end of June 1977.

Construction work on

Rs 17.4 crore paper-manufacturing complex is making rapid progress. Manufacture of some of the products will start early next year and the entire product range is expected to be in the market by the end of 1978 when the complete mill complex will be ready.

It has been decided to implement the entire project of manufacturing soft tissues, carbonless copy papers, writing and printing papers simultaneously. The fully integrated complex will also be manufacturing various qualities of pulp required for producing different varieties of speciality papers. A significant feature of the complex will be that it will have the most modern chemical recovery and effluent discharge systems, almost fool-proof safeguard against industrial pollution. The project, the first of its kind in Asia, except Japan, is being set up by a non-resident Indian Mr M. Sehgal. In 1975 the

government announced a number of incentives to non-resident Indians to invest in India and Mr Sehgal will have the distinction of being the first person to avail of this scheme.

Sehgal Papers would reap the maximum advantages due to the fact that the project which is in the priority sector is located in a backward area and it is being promoted by a non-resident Indian. They will get exemption of electricity duty, interest free loan in lieu of inter-state sales tax, land at concessional price etc., which will make this project more viable.

The complex will manufacture fine quality of writing and printing papers, carbonless copy papers and soft tissues for toilet rolls, facial tissues, kitchen towels and so on. The project has tremendous potential since the kind of products it will manufacture are in great demand within the country as well as abroad.

Dividend

Name of the company	Year ended	(per cent)	
		Equity dividend declared for	
		Current year	Previous year
Higher Dividend			
U.S.	Dec. 31, 1976	12.0	10.0
K. Chemicals	Dec. 31, 1976	12.0	Nil
Wartons and Lloyds of India	Dec. 31, 1976	16.0	12.0
Star	Dec. 31, 1976	18.0	15.0
Brake Linings	Dec. 31, 1976	14.0*	12.0
Lyford Tea	Dec. 31, 1976	6.0	Nil
Same Dividend			
K. Synthetics	Dec. 31, 1976	15.0*	15.0
Union Carves	Dec. 31, 1976	16.0	16.0
Synthetics and Chemicals	Dec. 31, 1976	15.0	15.0
Reduced Dividend			
Graphite India	Dec. 31, 1976	14.0*	18.0

On the enlarged capital.

Licences and Letters of Intent

THE FOLLOWING licences and letters of intent were issued under the Industrial (Development and Regulation) Act 1951 during the month of March 1977. The list contains the names and addresses of the licensees, articles of manufacture, type of licences—New Undertaking (NU), New Articles (NA) Substantial Expansion (SE), Carry on Business (COB), Shifting—and Annual Installed Capacity. Details regarding licences and letters of intent revoked, cancelled or surrendered are also given.

Licences Issued

Metallurgical Industries

M/s. Indo-Japan Steel Ltd., 11, Govt. Place (East), Calcutta-1. (Thana-Maharashtra)—Cold Rolled Mild Steel Strips (narrow width)—1,500 tonnes—(COB)

Shri Gautam Kanoria, 63, T.B. Kadam Path, Bombay-400033. (Nadia-West Bengal)—Centrifugally Cast Alloy Steel Reformer Tubes—500 tonnes. Alloy Steel Castings—500 tonnes —(NU)

Electrical Equipment

M/s. W. S. Insulators of India Ltd., "Dhun Building", 175/1, Mount Road, Madras-600 002. (Bangalore-Karnataka)—Medium Frequency Capacitors—27,500 KVAR. L. T. Power Capacitors—20,000 KVAR. H.T. Power Capacitors (upto 11 KV)—30,000 KVAR—(NA).

M/s. Sangeet Tapes Ltd., Pullampet Post, Cuddapah Distt. Andhra Pradesh. (Cuddapah-A.P.)—Magnetic Tapes—40 million running metres—(NU)

M/s. The Miniature Bulb Industries (India) Pvt. Ltd., 131, Kanwali Road, Dehradun-248001 (U.P.) (Dehradun-U.P.)—Krypton Gas Filled Bulbs—1.5 million pcs. Asymmetric Bulbs—1.6 million pcs.—(NA)

M/s. Larsen & Toubro Limited, L & T House, Ballard Estate, Bombay-400 038. (Bombay-Maharashtra)—Flame Proof Electrical Equipment for mines and other hazardous location e.g., circuit breakers, gate and boxes, etc.—1,500 Nos.—(NA)

M/s. Tawi Scooters Ltd., Haft Chinar, Srinagar, Kashmir. (Jammu—J & K)—Scooters—12,000 Nos.—(NU)

M/s. Ferrites & Electronic Components Pvt. Ltd., 16, 17, Visweswaraiah Industrial Estate, Whitefield Road, Bangalore-560 048. (Bangalore-Karnataka)—Soft Ferrites—100 tonnes—(NU).

M/s. Radio & Electricals Manufacturing Co. Ltd., Post Box No. 2606, Mysore Road, Bangalore-560026. (Bangalore-Karnataka)—Shunt Capacitors for Power Factor Improvement (LT & HT)—50,000 KVAR—(NA)

M/s. Bharat Heavy Electricals Ltd., 18-20, Kasturba Gandhi Marg, New Delhi-110001. (Jhansi—U.P.)—1.33 KV to 132 KV Power Transformers—50 Nos. 2. Special purpose Transformers like Furnace Transformers (33 KV and 18.75 MVA) and Rectifier Transformers etc. Maximum rating 11 KV—34 Nos. Traction transformers—100 Nos. Reactors—80 Nos Instrument Transformers—1960 Nos—(NU)

M/s. Punjab State Indl. Dev. Corpn. Ltd., S.C.O. 54, 55 & 56, Sector 17-A, P. Box No. 81, Chandigarh-160017. (Ropar-Punjab) Ceramic Capacitors—From 20 million Nos. To 75 million Nos. (SE)

Telecommunications

M/s. Advance Components & Instruments Pvt. Ltd., 130, Y-Block III, Rajaji Nagar, Bangalore-560010. (Bangalore-

Karnataka)—Metallised Plastic Film Capacitors—10 million Nos—(NU)

Transportation

Shri N.G. Oza, Prop N.G. Oza, Lakhu Pole, Wadhwan City, Dist. Surendranagar Gujarat State (Surendranagar-Gujarat)—Oil Seals—2 million Nos.—(NU)

M/s. L. G. Balakrishnan & Bros. Ltd., India House, Trichy Road, Coimbatore-641 018. (Coimbatore-Tamil Nadu)—Rubber Bonded Metal Auto Parts—5,00,000 Nos.—(SE)

M/s. Sieco Manufacturers, Mysore Bank Bldg., 377, NSC Bose Road, Madras-600001. (Mysore-Karnataka)—Fuel Injection Test Benches—100 Nos. (after expansion). Nozzle Testers—1,000 Nos. (after expansion). Nozzle Reconditioning and Lapping machines—150 Nos. (after expansion). Service Tools—1,000 sets (six numbers in each) (after expansion)—(SE)

Industrial Machinery

M/s. Batliboi & Co. Pvt. Ltd., Machinery Division, Forbes Street, Fort, Bombay-1. (Surat-Gujarat)—Automatic Spooler—24 machines. Super-Speed Warper with Revolving wheel—20 machines. Starter Makers—15 machines. Spares—worth Rs. 100 lakhs—(NU)

M/s. American Universal Electric (I) Ltd., Model Town, Faridabad (Haryana). (Faridabad-Haryana)—Domestic Pumps of 1/100 HP to 1 HP—13,500 Nos—(COB)

M/s. Voltas Ltd., 19, Graham Road, Ballard Estate, Bombay-400 001. (Thana-Maharashtra)—Water Pollution Control Equipments and Systems—Rs. 10 crores—(NA)

M/s. Elecon Engg. Co. Ltd, P.B. No 6, Vallabh Vidyanagar, Gujarat, (Kaira-Gujarat)—Electric Overhead Travelling Cranes and Goliath Cranes—230 Nos—(NA)

M/s. Indian Sugar & General Engg. Corp., P.O. Yamunanagar, Dist. Ambala (Haryana). (Ambala-Haryana)—Centrifugal Machines—60 Nos—(NA)

Miscellaneous Industries

M/s. Apar Private Ltd., 24, Sayed Abdulla Brelvi Road, Bombay-400001. (Nadiad-Gujarat)—Precision Moulds, Dies, Tools & Fixtures—150 Nos—(NA)

Industrial Instruments

M/s. Industrial Jewels Private Ltd, 32, Ramjibhai Kamani Marg, Ballard Estate, Bombay-400038 (Bhavnagar-Gujarat)—Watch Jewels—108 lakh Nos. (after expansion)—(SE)

Fertilizers

M/s. Gujarat Narmada Valley Fertiliser Co. Ltd., Near Chavaj Village, Broach Dist. (Gujarat). (Broach-Gujarat)—Ammonia—4,45,500 tonnes. Urea—5,94,000 tonnes—(NU)

Chemicals (Other than Fertilizers).

M/s. Arvin Oxygen (Pvt.) Ltd., Moti Bhawan, Nizampura, Baroda-340 002. (Panchinahal-Gujarat)—Oxygen Gas—0.45 million cubic metres. (63 cubic metres/hour). Dissolved Acetylene Gas—0.20 million cubic metres—(NU)

M/s. The Delhi Cloth & General Mills Co. Ltd., (Unit: Sriram Rayons), Akash Deep, 5th Floor, Barakhamba Road, New Delhi (Kota-Rajasthan)—Anhydrous Sodium Sulphate—5,500 tonnes. Sodium Sulphide—200 tonnes—(COB)

M/s. Orient Polymers & Synthetics Ltd., 20-A, Camac Street,

Calcutta-700016. Tarapore-Maharashtra)—Resins—2,000 tonnes. Dimer Acid—500 tonnes—(NU)

M/s. Indian Rayon Corporation Ltd., Junagadh V Road, Veraval (Gujarat State) (Veraval-Gujarat)—Sulphide (by-product in the manufacture of rayon filament yarn)—75 tonnes—(COB)

M/s. Century Enka Ltd., Bhasani Post, Poona-4. (Poona-Maharashtra)—Polyester Filament Yarn—360 tonnes—(NA)

M/s. Guar Gum Chemicals Ltd., 402-Akash Deep, Khamba Road, New Delhi-110001. (Hissar-Haryana)—Guar Pulverised and Treated Varieties—7,000 tonnes—(NU)

Drugs and Pharmaceuticals

M/s. Premier Drugs Ltd., 202, New Delhi House, 27-Khamba Road, Post Box No. 115, New Delhi-110 001. (Mahendragarh-Haryana)—Phenylbutazone—25 tonnes. Erythritol HCL—5 tonnes—(NU)

M/s. Indian Drugs & Pharmaceuticals Ltd., N-12, Extn. Pt. I, New Delhi-110049. (Dehra Dun-U.P.)—Empty Gelatine Capsules—400 million Nos.—(NA)

Textiles

M/s. S. P. Worsted Spinning Mills, Verka, Dist. Amritsar (Pb.) (Amritsar-Punjab)—Artsilk Yarn/Fabrics—18 additional power looms—(NA)

M/s. Subhash Silk Mills (Pvt.) Ltd., Kurla Andheri Sakinaka, Bombay-400072. (Bombay-Maharashtra)—Artsilk and Synthetic Fabrics—24 power looms (Addl.) power looms (after expansion)—(SE)

M/s. Wool Spuns Ltd., B-42, Maharani Bagh, New Delhi (Alwar-Rajasthan)—Shoddy Yarn—600 shoddy spindles—(NU)

M/s. Kolhapur Zilha Shetkari Vinkari Sahakari Soot C Ltd., Ichalkaranji, Dist. Kolhapur (Maharashtra). (Kolhapur-Maharashtra)—Cotton Yarn (40s Combed Warp)—200 spindles (additional).—75,000 spindles (after expansion)—(NU)

Paper, Pulp and Paper Products

M/s. Straw Products Ltd., Nehru House, 4, Bahadur Zafar Marg, New Delhi-110 001. (Koraput-Orissa)—Special Paper including Tissues, M.F. Paper etc.—From 9,500 to 13,500 tonnes (after expansion)—(SE)

M/s. Meghalaya Plywood Ltd., Bara Bazar Road, Shillong-793002. (Khasi Hills-Meghalaya)—Various impregnated over laid plywood including shuttering plywood, black board and flush doors—lakh sq. metres—(NA)

Fermentation Industries

M/s. Cooperative Sugars Ltd., Chittur, Menonpara-670 001. Palghat Dist. (Kerala). (Palghat-Kerala)—Country Liquor (Arrack)—3802 bulk kilolitres—(COB)

M/s. Upper Doab Sugar Mills Ltd., Shamli (U.P.). (Saharanpur-U.P.)—Indian Made Foreign Liquors and Country Liquor—1733 bulk kilolitres—(COB)

M/s. Upper Doab Sugar Mills Ltd., Shamli (U.P.) (Muzaffarnagar-U.P.)—Country Liquor—896 bulk kilolitres—(COB)

M/s. Rahuri Sahakari Sakhar Karkhana Ltd., Shrish Nagar Distillery, P.O. Rahuri Factory, Tel. Rahuri, Ahmednagar. (Ahmednagar-Maharashtra)—Country Liquor—6140 bulk kilolitres—(COB)

M/s. Konkan Agro Marine Industries Pvt. Ltd., Flat No

ing Field Apartments, 420-A, Pali Hill, Bandra, Bombay-400050. (Ratnagiri-Maharashtra)—Indian Made Foreign Liquors and Country Liquor—1100 bulk kilolitres (on provisional basis)—(COB)

M/s. Carew & Co. Ltd., 6, Old Court House Street, Calcutta-1. (Jhahanpur-U.P.)—Indian Made Foreign Liquors and Country Liquors—1960 bulk kilolitres—(COB)

M/s. Maharashtra Manufacturing Corporation, 101, Church Chambers, 5, New Marine Lines, Bombay (Thana-Maharashtra)—Country Liquor—1100 bulk kilolitres (on provisional basis)—(COB)

Rubber Goods

M/s. International Rubber and General Industries Pvt. Ltd., Dhirubhai Parikh Marg, 1st Cross Lane, Bombay-400002. (Maharashtra)—Tyres for bicycles, semi-rickshaws and rickshaws—22,00,000 Nos—(COB)

M/s. UP Tyres & Tubes Ltd., Sarojini Nagar, P.O., Lucknow-226008. (Rae-Bareilly-UP)—Scooter tyres and tubes—5,00,000 Nos. each—(NU)

Leather and Leather Goods

M/s. Swami & Company, 34, Sydenhams Road, Periamet, Madras-3. (North Arcot-Tamil Nadu)—Finished Leather—1.5 lakh Nos.—(NA)

M/s. Gordon Woodroffe & Co. (Madras) Pvt. Ltd., 1/21, North Beach Road, P. B. No. 42, Madras-600001. (Madras-Tamil Nadu)—Shoe Uppers—2.5 lakh pairs.—(NA)

Letters of Intent

Metallurgical Industries (Ferrous)

M/s. Maan and Maan Enterprises (India), G.T. Road, Civil Lines, Jullundur (Punjab). (Jullundur-Punjab)—Closed die forgings—5,000 tonnes—(NU)

M/s. The Atlas Cycle Industries Ltd., Industrial Area, Sonapat-131001 (Haryana). (Sonapat-Haryana) ERW M.S. Tubes—200 tonnes. ERW Alloy Steel Tubes—200 tonnes—(NA)

Metallurgical Industries (Non-Ferrous)

M/s. Hindustan Zinc Ltd., 6, New Fatehpura, Udaipur (Rajasthan). (Dhanbad-Bihar)—Lead—3,000 tonnes (Addl.)—200 tonnes (after expansion). Silver—6618 Kgs. (Addl.)—1000 Kgs. (after expansion)—(SE)

Electrical Equipments

M/s. Andhra Mechanical & Electrical Industries Ltd., 'Mayalu', 1-2-605/1, Elchiguda, Secunderabad-500003. (Hyderabad-Andhra Pradesh)—132 and 220 KV Current Transformers—10 Nos—(SE)

M/s. Punjab State Industrial Development Corpn. Ltd., CO 54, Sector 17A, Chandigarh (Punjab). (Ropar-Punjab)—Cathode Ray Tubes—5,000 Nos—(NA)

M/s. Punjab State Electronics Development and Production Corpn. Ltd., 50/4A, Chandigarh (Punjab). (Punjab)—X-Ray Image Intensifier—40 Nos—(NU)

M/s. Roto Pumps & Hydraulics Pvt. Ltd., 7/188 Swaroop Nagar, Kanpur. (Kanpur-UP)—Positive Displacement Pumps and screw pumps and lobe rotor pumps—1500 Nos—(NA)

Miscellaneous Industries

M/s. Chemicoat Ltd., Kalali Road, Atladra, Vadodra-390003. (KFTZ-Gujarat)—Metallised Polyester film for the manufacture of capacitors—110 tonnes—(NU)

Shri G. Narayanaswamy, Chartered Accountant, 115, Mowbrays Road, Madras-18. (North Arcot-Tamil Nadu)—Wide Width Low Density Polyethylene Films (of width 3 metres and above)—3,000 tonnes—(NU)

Shri Nand Kishor Tibrewala, 7A, Nando Mullick Lane, Calcutta-700006. (Nadiad-West Bengal)—Large diameter (100 mm circumference) Synthetic ropes to be made from Polypropylene and High Density Polyethylene—1,000 tonnes—(NU)

M/s. Climax Pipes Private Ltd., PNB House Annexe, 18-B, Brabourne Road, Calcutta-700001. (Nadiad-West Bengal)—Large Diameter (100 mm circumference) Synthetic Ropes to be made from Polypropylene and High Density Polyethylene—2,000 tonnes—(NA)

Shri K.J. Thomas, 4C, Vandhna, 11-Tolstoy Marg, New Delhi-110001. (Backward Area—Kerala)—Corrugated Sheets based on high density polyethylene—900 tonnes. Corrugated Sheets based on polypropylene—900 tonnes—(NU)

M/s. Baker Horstmann Mercer (India) Ltd., 401-Jolly Bhavan No. 2, 7, New Marine Lines, Bombay-400026. (Pune-Maharashtra)—Lever type dial gauges and accessories—7500 Nos. Dial type cylinder bore-gauges and accessories—4,000 Nos. (NA)

Industrial Instruments

M/s. Premier Mills (OBE) Ltd., Electronics Unit, Unit No. 3, SDF Bldg., SEEPZ, Andheri East, Bombay-400096. (Santa Cruz EPZ-Bombay)—Db (VU) Meters—1 million Nos—(NU)

Chemicals (Other than Fertilisers)

M/s. Technicraft Corporation, 44 Darya Mahal—A, Napean Sea Road, Bombay-400006. (EPZ-Maharashtra)—Speciality gases for semi-conductors: (a) Silane—2600 Kgs. (b) Arsine—4,000 Kgs. (c) Phosphine—4,000 Kgs. (d) Hydrogen solenide—4,000 Kgs.—(NU)

M/s. Sandoz (India) Ltd., Sandoz House, Dr. Annie Besant Road, Worli Bombay, (Thana-Maharashtra)—Quinalphos Technical—500 tonnes (Additional)—700 tonnes after expansion—(SE)

Textiles

M/s. Kamala Mills Ltd., Senapati Bapat Marg, Lower Parel, Bombay. (Backward Area—Maharashtra)—Art Silk Fabrics—100 powerlooms (Addl.)—297 powerlooms (after expansion)—(SE)

Paper and Pulp Including Paper Products

M/s. Mandya National Paper Mills Ltd., Belaquila-571606 (Karnataka). (Mandya-Karnataka)—Writing & Printing Paper—21,600 tonnes (Addl.)—39,600 tonnes (after expansion)—(SE)

Food Processing Industries

Shri R. P. M. Subramanyam, 68, 2nd Main Road, N.T. Pet, Bangalore-560002. (Mysore/Tumkur-Karnataka)—Maize products, namely, Maize grits, Maize flakes, Buffed maize etc.—15,000 tonnes—(NU)

M/s. U.P. State Agro Industrial Corpn. Ltd., 22, Vidhan Sabha Marg, Lucknow (U.P.) (Bulandshahr or Farrukhabad—

U.P.)—Diced Potatoes, Potato Flakes and Potato Powder—5,000 tonnes—(NU)

Change in Names (Owners or Undertaking)

(Information pertains to particular licences only)

From M/s. Amin Chand Payare Lal, Jullundur to M/s. Apeejay Steels Private Ltd.

From M/s. Jubilee Mills Ltd., Bombay to M/s. Swan Mills Ltd., Bombay.

From M/s. Apeejay Steels Castings Co. Pvt. Ltd. to M/s. Apeejay Steels Pvt. Ltd.

From M/s. Jayashree Textiles and Industries Ltd., Rishra (West Bengal) to M/s. Indian Rayon Corporation Ltd., Veraval (Gujarat).

From M/s. Nitin Castings Private Ltd. to M/s. Nitin Castings Ltd.

From M/s. Lallubhai Amichand Private Ltd. to M/s. Lallubhai Amichand Ltd.

From M/s. Sivalik Cellulose Private Ltd. to M/s. Sivalik Cellulose Ltd.

From M/s. Contel Private Ltd. to M/s. Contel.

From M/s. Coimbatore Cooperative Sugar Mills Ltd. to The Managing Director, Tamil Nadu Sugar Corpn. Ltd., Madras.

From M/s. Jubilee Mills Ltd. to M/s. Swam Mills Ltd.

From M/s. J. Stone & Co. (India) Ltd. to M/s. Stone Platt Electrical (India) Ltd.

From M/s. Ravindra Heraeus Pvt. Ltd. to M/s. Ravindra Hindustan Platinum Pvt. Ltd.

From M/s. Vidyut Metallics Private Ltd. to M/s. Vidyut Metallics Ltd.

Licences Revoked, Cancelled or Lapsed

(Information pertains to particular licences only)

M/s. Bush India Ltd., Bombay-400 007—Paper Cones for Loud Speakers—(Revoked)

M/s. Angel Industries, Mahamayatolla, Garia P.O. Dist 24-Parganas, West Bengal—Kraft & Brown Unwrapping Paper and Writing & Printing Paper—(Revoked)

M/s. G. R. Electrical Industries, Bombay-3—Iron-clad Switches etc—(Cancelled)

M/s. Shree Mukesh Textile Mills Pvt. Ltd., Ahmedabad—Mild Ingots of various qualities—(Revoked)

M/s. Dewan Chand Steel Ltd., New Delhi—M.S. Ingots of various qualities—(Revoked)

M/s. Swastik Ispat Ltd. Bombay—M.S. Ingots of various qualities—(Revoked)

M/s. Bharat Electro Steels Ltd., New Delhi—M.S. Ingots of various qualities—(Revoked)

M/s. Travancore Rayons Ltd., Rayonpuram, Kerala—Cellophane Film—(Cancelled)

M/s. Ratna Ispat Ltd., Bombay—M.S. Ingots—(Revoked)

M/s. Carbon Steels (India) Ltd.—M.S. Ingots etc—(Revoked)

M/s. Hind Re-rolling Industries, Hyderabad—M.S. Ingots.—(Revoked)

Shri Jasbir Singh, M/s. Enn Emm Jay Iron & Steel Mills, Jullundur—Steel Rerolled Products—(Revoked)

M/s. N.A. Sirur, Lamington Road, Hubli (Karnataka)—M. Ingots etc—(Revoked)

Major Genl. Rajinder Singh Sparrow, M/s. Doaba Iron & S Co. (Private) Ltd, Jullundur City—M.S. Ingots etc.—(Revoked)

M/s. Vandna Steels & Alloys Ltd., New Delhi—M.S. Ingots—(Revoked)

M/s. Jodhpur Steel Ltd., Jodhpur—M.S. Ingots—(Revoked)

M/s. Saraswati Steel and Alloys Ltd. Delhi—M.S. Ingots—(Revoked)

M/s. Nagar Steel Pvt. Ltd., Poona. (Original Licensee M. Western Maharashtra Dev. Corpn. Ltd.,) M.S. Ingots etc.—(Revoked)

Shri M.L. Saraf, Calcutta—Pulp and Packaging & Wrapping Paper—(Revoked)

Letters of Intent Lapsed or Cancelled

(Information pertains to particular letters of intent only)

M/s. Usha Rectifier Corpn. (India) Ltd., Faridabad-1210 (Haryana)—(i) High Voltage Rectifier Stacks; (ii) Miniature Selenium Rectifiers; (iii) Electrostatic Selenium Coated Photo copying plates—(Lapsed)

M/s. Alta Laboratories (Pvt.) Ltd., (Maharashtra)—Aluminium Chloride—(Lapsed)

Shri Umesh J. Patel, Bombay-400 026. (Gujarat)—Bimetallic Bearings and Bushings—(Lapsed)

Shri P.J. Hora, Bombay-26. (Gujarat)—Glow Lamps—(Lapsed)

M/s. Tamil Nadu Industrial Development Corporation Ltd. Madras-600002. (Tamil Nadu)—GLS Lamps & Fluorescent Tubes—(Lapsed)

Shri Nem Chand Jain, New Delhi-5. (U.P.)—Glow Lamps Starters—(Lapsed)

M/s. Ram Kishan Metal Works (Bombay), Bombay-400001 (Maharashtra)—Forged Steel Flanges, Rings, Discs, Tubes, Sheets, Pipe Fittings, Elbows, Tees, Grosses—(Lapsed)

The Managing Director, Development Corporation Ltd., Bombay-400001. (Maharashtra)—Methyl Ethyl Pyridine—(Lapsed)

M/s. Meghalaya Industrial Dev. Corpn. Ltd., Shillong (Meghalaya)—Cement—(Lapsed)

Miss C. Jayashree, C/o. Sri Ramakrishna, Advocate, Vijayawada-2. (Andhra Pradesh)—Industrial Gases—(Lapsed)

M/s. Durgapur Chemicals Ltd., Calcutta-16. (West Bengal)—Phthalic Anhydride—(Lapsed)

M/s. Indo Berolina Industries Pvt. Ltd., I.B.I. House, Bombay-59 AS. (Tamil Nadu)—Phthalic Anhydride—(Lapsed)

M/s. Indian Dyestuff Industries Ltd., Bombay-400001 (Maharashtra)—Phthalic Anhydride—(Lapsed)

M/s. India General Trading Company Ltd., Calcutta-1 (U.P.)—Ossein and dicalcium phosphate—(Lapsed)

M/s. Southern Steel Ltd., Calcutta-1. (Assam)—Carbon Black—(Lapsed)

M/s. Uttar Pradesh State Industrial Dev. Corpn. Ltd., Kanpur-208005. (U.P.)—Safety Razor Blades—(Lapsed)

Shri Jiten P. Mody, Bombay-400034. (Gujarat)—Moulding Case Circuit Breakers—(Cancelled)

M/s. Synthetic and Chemicals Ltd., Bombay-400020. (U.P.)—Acetone—(Cancelled)

Progress of short-term cooperative credit structure during 1975-76

RECORDS AND STATISTICS

THE SHORT-TERM cooperative credit structure, comprising state co-operative banks (SCBs), central co-operative banks (CCBs) and primary agricultural credit societies (primary societies), showed further progress during the year 1975-76, according to the provisional advance statistics compiled by the Reserve Bank. The total working capital of all SCBs increased by Rs 99 crores (8.3 per cent) as compared with the previous year and of 331 reporting CCBs (out of 344) by Rs 195 crores (10.8 per cent). The total loans and advances made by the primary societies during 1975-76 are estimated at Rs 1,023 crores, against Rs 900 crores in 1974-75.

Time Lag

The Reserve Bank publishes every year the "Statistical Statements relating to the Cooperative Movement in India" in two parts, Part I covering credit societies and Part II covering non-credit societies. There is delay of well over a year in bringing out the publication since the state governments have to collect and process the data from a large number of societies particularly primary societies. The checking and compilation by different agencies also entail much time-consuming work at various levels. With concerted efforts such delays have now been reduced by 2-3 months. Even so, for policy formation and monitoring policies under implementation, a time-lag of

14 to 15 months is too wide; such a lag greatly dilutes the utility of data. It is the Bank's intention that the statistics relating to credit societies for 1975-76 are brought out by the end of June 1977, i.e., with a 12-month lag. As an interim step, an attempt is made here to furnish certain advance data for the year. Data relating to all SCBs and over 95 per cent of CCBs have been received. For primary societies, as the data have not been received from 15 states/union territories, an estimate has been made on the assumption

that the amount of loans and advances by primary societies during a year is linearly related to the loans and advances issued in the same year by CCBs for 'specified purposes', including two short-term and five medium-term purposes. For this estimation, the relationship between the advances for these purposes and the loans/advances by primary societies was examined for the 15-year period from 1960-61 to 1974-75. It is this exercise that has yielded the figure of Rs 1,023 crores mentioned earlier as being the estimated

short and medium-term advances made by all the primary societies in the country in 1975-76.

State Cooperative Banks: As on June 30, 1976, the membership of 26 SCBs in the country comprised 12,435 banks/other societies and 7,194 individuals institutions other than co-operatives. The total working capital (owned and borrowed resources) amounted to Rs 1,286 crores, an increase of Rs 99 crores over 1974-75. The increase was no doubt less marked than that (Rs 245 crores) recorded in 1974-75

TABLE I
Cooperative Credit Societies (All India)*

(Amount in Rs crores)

	State Cooperative Banks		Central Cooperative Banks		Primary Agricultural Credit Societies (13 reporting states/union territories)	
	1974-75	1975-76	1974-75	1975-76	1974-75	1975-76
No. of banks	26	26	328	331	—	—
No. of offices	264	276	5,022	5,358	63,792	59,652
Membership						
Societies	11,623	12,435	2,31,106	2,20,896	—	—
Individuals	7,198	7,194	67,950	67,623	16,840@	18,924@
Share capital	58	64	206	231	164	185
Reserves	84	95	101	120	56	64
Owned funds	142	159	307	350	220	249
Deposits	547	722	796	970	39	44
Borrowing	446	345	599	558	551	620
Working capital	1,187	1,236	1,812	2,007	939	1,069
Loans						
Issued	1,382	1,505	1,505	1,767	456	556
Outstanding	920	896	1,326	1,409	616	694
Overdues	44	48	425	450	268	297

*Data are provisional. @ In thousands.

but was due largely to reduced borrowings owing partly to repayments of borrowings by some banks which had comfortable resources position and partly to the constituent central banks' high level of overdues and the consequent

inability to provide non-overdue cover. Their owned funds increased by Rs 17 crores in 1975-76, against Rs 14 crores in the previous year. Deposits rose appreciably by Rs 175 crores reflecting a growth rate of about 32.1 per

cent, against 12 per cent (Rs 58 crores). The proportion of deposits to total working capital increased from 46 per cent in 1974-75 to 56.1 per cent in 1975-76. A concomitant result of this was a sharp fall of Rs 101 crores in outside

borrowings in 1975-76, contrast to the rise of Rs 101 crores in the previous year. The greater self-reliance noticeable may be attributed mainly to the serious effort made by some banks, active assistance from

TABLE II
State Cooperative Banks : 1975-76@

(Rs in crores)

State/union territory	Deposits	Borrowings		Working capital	Loans			Percentage of overdue outstanding
		Total	Of which from RBI/other banks		Issued	Outstanding	Overdue	
	1	2	3	4	5	6	7	8
Andhra Pradesh	43.8	26.2	21.0	82.2	120.2	61.3	2.1	3.4
Assam	26.5	5.3	5.1	38.4	21.8	26.5	10.9	41.1
Bihar	22.1*	5.2*	5.2	34.1*	21.5	22.8*	10.5	46.5
Gujarat	73.6	54.6	54.3	143.8	151.1	119.9	2.6	2.2
Haryana	22.8	13.1	10.3	42.4	64.6	26.2	—	—
Himachal Pradesh	7.2	—	—	8.6	3.6	4.8	1.4	29.2
Jammu & Kashmir	1.5	2.8	1.7	6.1	3.1	3.9	0.6	15.4
Karnataka	32.4	25.8	24.5	69.4	74.3	54.6	1.9	3.5
Kerala	15.9	8.9	8.1	30.9	38.4	22.0	—	—
Madhya Pradesh	25.1	24.4	20.0	66.3	79.6	48.7	1.8	3.7
Maharashtra	224.9	67.4	20.4	353.0	334.1	224.5	6.4	2.8
Manipur	1.2*	0.2*	—	2.1*	0.6	1.1*	0.6	54.5
Meghalaya	2.8	0.3	—	3.7	1.1	1.5	1.1	73.3
Nagaland	0.8*	0.3*	—	1.5	1.0	1.2*	0.3	25.0
Orissa	10.9	6.4	6.1	22.3	22.7	15.0	0.1	0.7
Punjab	44.4	7.9	—	65.0	83.2	31.3	—	—
Rajasthan	16.6	20.0	17.0	43.6	55.9	38.3	0.1	0.3
Tamil Nadu	39.9	46.9	44.5	99.8	135.9	81.0	0.5	0.6
Tripura	1.2	0.6	—	2.5	1.2	1.7	1.0	58.8
Uttar Pradesh	75.3	8.3	—	103.3	251.7	66.5	2.0	3.0
West Bengal	22.4	16.7	15.3	48.2	28.8	32.0	3.0	9.4
Andaman & Nicobar Is.	0.3*	—	—	0.3	—	0.3*	—	—
Chandigarh	0.7	0.1	—	0.9	1.5	0.5	—	—
Delhi	4.4	1.4	0.2	7.3*	3.1	4.4*	1.1	25.0
Goa, Daman & Diu	4.4	0.8	0.3	5.9	4.3	3.7	0.2	5.3
Pondicherry	0.9	0.7	0.7	2.3	2.0	1.8	0.2	11.1
Total	722.0	344.3	254.7	1285.9	1505.3	895.5	48.4	5.3

*Data as on June 25, 1976.

@Data are provisional.

governments, to mobilise deposits and the supplementary character of the Reserve Bank's finance.

The total outstanding loans and advances made by SCBs declined from Rs 920 crores in June 1975 to Rs 896 crores in June 1976, due partly to the inability of some of their constituent central banks to absorb credit following heavy overdues. Total overdues (including unrenewed cash credits and overdrafts) amounted to Rs 48 crores (5 per cent of the total loans outstanding as on June 1976), as compared with

Rs 44 crores (same percentage) a year before. This low level of overdues does not reflect the correct position, as the brunt is borne mainly by the lower level institutions in the cooperative credit structure, viz., CCBs and primary societies.

Central Cooperative Banks: The total number of CCBs increased from 341 in 1974-75 to 344 in 1975-76, including the three new ones set up in Andhra Pradesh, Madhya Pradesh and Maharashtra. The 331 reporting CCBs opened 336 new offices in 1975-76,

against 328 offices opened by 328 banks (out of 341) in the previous year. The total number of CCB branches and offices as at the end of 1975-76 was 5,358.

The reporting CCBs had a total working capital of Rs 2,007 crores at the end of June 1976, showing an increase of Rs 195 crores, as against an increase of Rs 243 crores in the previous year. There was a sharp rise in deposits from Rs 796 crores in June 1975 to Rs 970 crores in June 1976, a rise of 22 per cent, against 12 per cent. This is

attributable largely to the special drive launched by CCBs in some states backed by the support of the respective state governments. With higher deposits, the borrowings of Rs 558 crores by CCBs as of June 1976 formed 28 per cent of their total working capital against 33 per cent (Rs 599 crores) in June 1975.

The total loans issued by CCBs increased from Rs 1,505 crores in 1974-75 to Rs 1,766 crores in 1975-76. The increase of Rs 261 crores was, however, short of the rise of Rs 270 crores in the previous year.

TABLE III
Central Cooperative Banks : 1975-76@

(Rs in crores)									
State/union territory	Number of reporting banks	Deposits	Borrowings		Working capital	Loans			Percentage of overdues to outstanding
			Total	Of which from apex bank		Issued	Outstand- ing	Over- dues	
	1	2	3	4	5	6	7	8	9
Andhra Pradesh	20	36.0	41.2	39.7	103.7	92.8	76.6	16.1	21.0
Assam	7	1.3	7.6	6.9	11.6	0.7	8.7	8.2	94.3
Bihar	26	14.1	19.5	18.4	50.3	23.6	34.7	23.7	68.3
Gujarat	18	165.9	95.6	87.4	325.4	227.0	246.2	64.7	26.3
Haryana	12	27.6	15.6	14.4	64.7	61.5	46.0	14.0	30.4
Himachal Pradesh	2	10.8	0.3	0.2	12.7	2.2	2.1	0.7	33.3
Jammu & Kashmir	3	3.2	3.9	2.6	10.1	4.7	7.0	2.6	37.1
Karnataka	19	57.4	48.6	37.6	134.5	127.7	107.7	31.0	28.8
Kerala	11	40.8	18.1	15.5	75.1	51.0	55.0	14.5	26.4
Madhya Pradesh	44	51.2	49.3	44.9	141.9	91.2	107.0	45.8	42.8
Maharashtra	26	247.5	59.1	47.9	389.7	487.2	252.6	84.1	33.3
Mizoram	14	11.9	11.7	10.4	34.1	20.3	31.4	8.2	26.1
Punjab	17	79.1	13.5	12.7	129.5	81.6	60.9	42.4	69.6
Rajasthan	25	27.5	36.8	36.5	83.7	69.8	61.3	16.8	27.4
Tamil Nadu	16	79.7	73.7	68.7	197.8	264.2	156.4	14.0	9.0
Uttar Pradesh	56	94.6	43.9	38.8	191.4	126.8	120.8	58.1	48.1
West Bengal	15	21.6	19.2	18.3	51.2	34.3	34.5	5.3	15.4
Total	331	970.2	557.6	500.9	2007.4	1766.6	1408.9	450.2	32.0

@Data are provisional

The loans outstanding as on June 30, 1976 amounted to Rs 1,409 crores, against Rs 1,326 crores a year before. Overdues increased from Rs 425 crores to Rs 450 crores. As a percentage to loans outstanding, however, overdues remained at the same level as in 1973-74 and 1974-75, i.e., at 32. This was due mainly to certain steps taken by some state governments and co-operative banks for creating a favourable climate for recovery of dues, following the recommendations of overdues study team.

Primary Agricultural Credit Societies: With the implementation of the programme of re-

organisation of societies by state governments, the number of these societies in 13 reporting states/union territories declined from 63,792 in June 1975 (when the all-India figure was 1.52 lakh societies) to 59,652 in June 1976, while their membership increased from 17 million to 19 million consequent on a campaign for universal membership, particularly from the weaker sections of the community. Nearly 48 per cent of the rural population in these states/union territories was covered by co-operatives as at the end of the year 1975-76. During this year, the proportion of borrowing members to the total number of members was marginally

higher at 33 per cent, against 32 per cent in 1974-75.

The working capital of these societies increased from Rs 939 crores in June 1975 to Rs 1,069 crores in June 1976. The average working capital per society stood at Rs 1.79 lakh, against Rs 1.47 lakh in the previous year, indicating the emergence of larger and viable societies as a result of reorganisation in these states. During the year, their deposits increased by Rs 5 crores to Rs 44 crores; they formed only four per cent of their total working capital. The societies disbursed Rs 556 crores of short and medium-term loans in 1975-76, against Rs 455

crores disbursed in 1974-75. The total outstanding loans amounted to Rs 694 crores of which Rs 297 crores (43 per cent) were overdues, against Rs 268 crores (43 per cent) a year before.

Data in respect of primary agricultural credit societies in 15 states/union territories have not been received so far. However, an estimate of the quantum of loans issued by the primary agricultural credit societies in the country during 1975-76 has been made employing the linear regression technique. The total is put at Rs 1,023 crores, against Rs 900 crores actually advanced in 1974-75 and Rs 850 crores advanced in 1973-74.

TABLE IV
Primary Agricultural Credit Societies in 13 Reporting States/Union Territories out of 28 : 1975-76@

(Rs in crores)

Name of reporting state	No. of societies	Membership (,000)	Borrowing membership ('000)	Deposits	Working capital	Loans outstanding	Loans issued	Loans over
	1	2	3	4	5	6	7	
Haryana	2,409	7,84	4,15	1.10	54.01	42.05	43.54	13
Himachal Pradesh	2,483	5,26	1,28	8.70	19.05	11.39	5.81	3
Karnataka	8,276	25,75	7,92	6.78	148.52	96.55	81.60	42
Madhya Pradesh	9,628	24,98	8,75	7.55	171.08	111.03	69.65	60
Maharashtra	19,875	44,14	14,58	7.10	315.06	229.50	170.01	103
Manipur	673	83	10	0.01	1.19	0.90	0.42	0
Orissa	3,358	20,05	3,91	1.94	72.07	38.72	20.66	2
Rajasthan	7,754	21,09	10,87	3.11	88.63	56.53	59.65	1
Tamil Nadu	4,937	38,31	10,90	8.45	195.82	105.01	102.85	3
Chandigarh	32	4	1	0.04	0.12	0.10	0.07	
Dadra & Nagar Haveli	12	5	1	—	0.11	0.08	0.08	
Goa, Daman & Diu	150	64	5	0.02	1.02	0.52	0.31	
Pondicherry	65	26	18	0.01	1.99	1.22	0.91	
Total	59,652	1,89,24	62,71	44.18	1068.67	693.60	555.56	29

@Data are provisional

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